TOYOTA MOTOR CORPORATION

Sustainability Report 2013

Full Version

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.

United Nations Educational, Scientific and Cultural Organization

+ 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.

TOYOTA MOTOR CORPORATION

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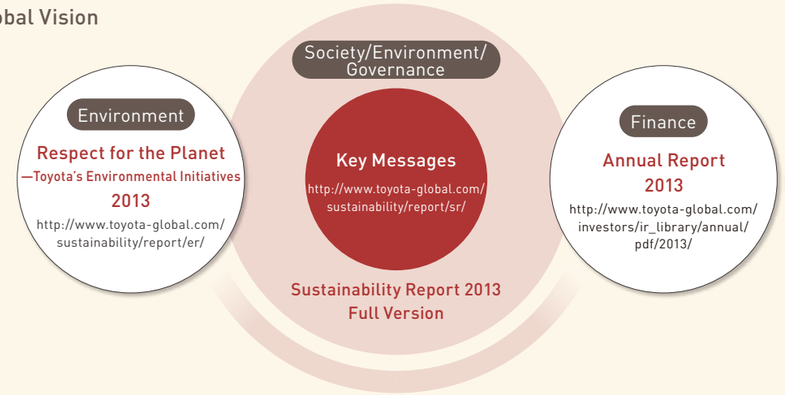
Sustainability Report 2013

Editorial Policy

The objective of this report is to convey Toyota's efforts to realize harmony with people, societies, and the global environment, as well as a sustainable society through *monozukuri* (manufacturing).

Based on the Toyota Global Vision announced in March 2011, the contents of the report were rearranged in 2012 in line with the three elements of the Toyota Visionary Management—"Always better cars," "Enriching lives of communities," and "Stable base of business." The section for each element includes a special feature, and information about Toyota's initiatives. Beginning with this year, publishing of the print edition will be discontinued. An all-digital version of the report will be available on the Toyota website.

Toyota Global Vision



Overseas affiliates' reports (15 countries and regions)
http://www.toyota-global.com/sustainability/report/overseas/

Period covered	The period covered in the report's data is from April 2012 to March 2013. For major ongoing initiatives, the most recent status update in 2013 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

In 2013 plans call for separate reports to be 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 87% of Toyota vehicles sold worldwide.


Argentina


Australia


Brazil


China


Europe


India


Indonesia


Malaysia
* Issued in the UMW Holding Report

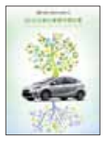

New Zealand


North America/Canada


South Africa


The Philippines


Taiwan (KUOZUI)


Taiwan (HOTAI)


Thailand


Vietnam

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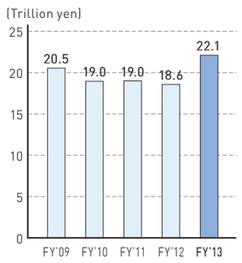
Overview of Toyota Motor Corporation

Company Profile

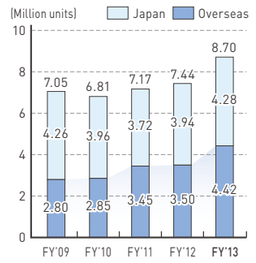
Company Name		Toyota Motor Corporation
President and Representative Director		Akio Toyoda
Company Address	Head Office	1 Toyota-Cho, Toyota City, Aichi Prefecture 471-8571, Japan
	Tokyo Head Office	1-4-18 Koraku, Bunkyo-ku, Tokyo 112-8701, Japan
	Nagoya Office	4-7-1 Meieki, Nakamura-ku, Nagoya City, Aichi Prefecture 450-8711, Japan
Date founded		August 28, 1937
Capital		397.05 billion yen (as of March 31, 2013)
Main Business Activities		Motor Vehicle Production and Sales
Number of employees (consolidated)		333,498 (as of March 31, 2013)
Number of consolidated subsidiaries		509
No. of Affil. Accounted for Under the Equity Method		56

Automotive Business

Sales (consolidated)



Production in Japan and Overseas (consolidated)



Cumulative Sales of Hybrid Vehicles

Non-automotive Business

Housing

Incorporating know-how and technology from the Toyota Group, Toyota Home offers three structures to meet different customer needs.

Financial Services

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

e-TOYOTA Business

With web-based vehicle information networks, onboard terminals and telematics, e-TOYOTA is finding ways to integrate IT systems and automobiles.

Marine

From land to sea, Toyota is expanding into the marine business with eco-friendly pleasure craft and marine engines.

Biotechnology & Afforestation

From a growing flower business to greenification of rooftops and afforestation, Toyota is branching out into biotechnology.

New Business Enterprises

In the 21st Century, Toyota will continue to expand its non-automotive businesses including marine, biotechnology, housing and aerospace.

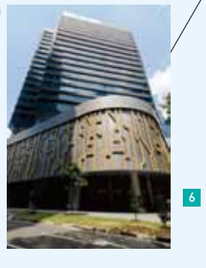
Global Expansion

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

4 Toyota Motor Europe NV/SA (TME)

5 Toyota Motor (China) Investment Co., Ltd. (TMCI)

7 Toyota Motor Asia Pacific Engineering & Manufacturing Co., Ltd. (TMAP-EM)



6 Toyota Motor Asia Pacific Pte Ltd. (TMAP-MS)

Toyota Motor Corporation (TMC) Head Office

3 Toyota Motor Engineering & Manufacturing North America, Inc. (TEMA)

2 Toyota Motor Sales, U.S.A. Inc. (TMS)

No. of plants and manufacturing companies (as of December 2012)
No. of distributors (as of June 2013)
No. of R&D bases (as of December 2012)
No. of employees (manufacturing companies + distributors)

* In Japan, Toyota manages the function of distributors and the number of employees counts Toyota on an unconsolidated basis.

True Competitiveness for Sustainable Growth

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

Since 2009, Toyota has faced a series of prolonged crises. Looking back, these crises allowed us to gain invaluable experience and taught us many truths that would have remained hidden if conditions had been more settled.

Particularly during the global financial crisis, when we fell into the red, we learned that a traditionally broadbased auto industry, while positioned to enjoy the fruits of rapid growth, may also be vulnerable to abrupt decline that could bring anxiety to a substantial number of people. We are now more attuned to the importance of sustainable growth and have learned the critical lesson that an increase in production does not necessarily equate to growth.

The last four years have also been an opportunity to reconnect with our roots and return to the things that we have always held dear. Toyota's roots lie in its founding principle of contributing to society by making automobiles. Put simply, our goal should ever be to make always better cars.

The products that are only just beginning to roll off the lines represent the first results of our groupwide emphasis on making always better cars. At the same time, we are making steady progress in reforming production technology and making new cars based on the Toyota New Global Architecture (TNGA).

There is a growing sense that the business model set forth in the Toyota Global Vision is steadily becoming more robust. It is important, however, to remember that we have merely reached the next starting line and that every member of the Toyota Group needs to focus on ensuring true competitiveness—competitiveness that will support sustainable growth regardless of external factors. Ultimately, true competitiveness cannot be measured simply in terms of profit and loss, but rather represents a challenge that must be met on a groupwide basis. Our efforts to meet this challenge are exemplified by our adoption of TNGA and the reorganization of our business units.

Toyota celebrated its 75th anniversary in November 2012. In establishing the Company all those years ago, Kiichiro Toyoda envisioned a strong Japanese auto industry with its roots in Japanese manufacturing traditions. Today, we are entering the final quarter of the auto industry's first century. Over the next 25 years, we must set our gaze even further, and gain some insight into this industry's second century. We must then use this insight to inform our own long-term business structure. We must always bear in mind that the sustainable growth we are striving to achieve will create a better society for our children and grandchildren.

"Rewarded with a smile by exceeding your expectations," all 330,000 of us at Toyota around the world work together as one to make always better cars and to contribute to society. We will examine social issues in collaboration with the people who live in those communities and work to carry out what Toyota can do and what Toyota is expected to do to help achieve sustainable growth of society and the planet. We kindly request the continued support and understanding of all our stakeholders.

August 2013

Akio Toyoda
President
Toyota Motor Corporation

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."

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.

Backdrop and Progress

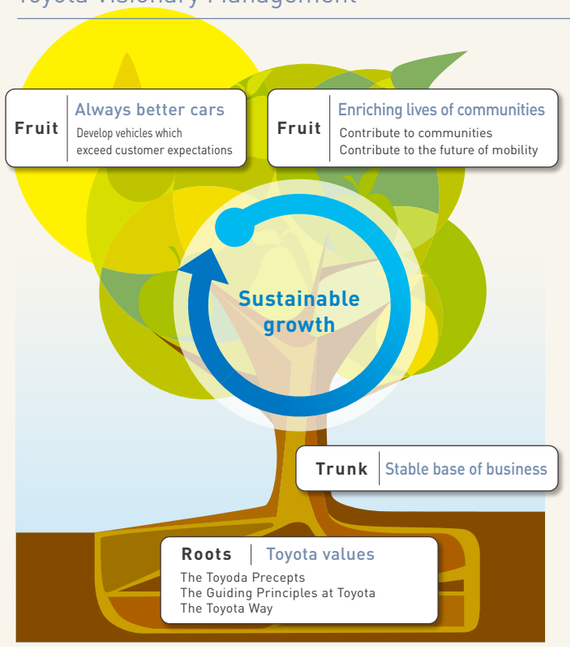
In the backdrop of this vision, there is our fall into the red after the Lehman Brothers collapse, as well as our reflection over a series of quality issues.

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.

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 that generates virtuous cycles and achieves 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 Toyoda Precepts, 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.

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

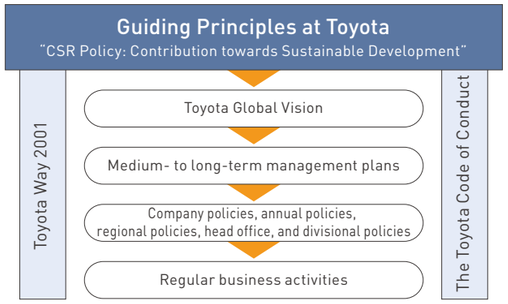
Since its foundation, Toyota has continuously strived to contribute to the sustainable development of society through the manufacture and provision of innovative and quality products and services that lead the times. Cars are useful because they afford us freedom of mobility. On the other hand, they impact society and the environment in various ways. 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 hybrid vehicles in addition to mechanisms for active and passive safety. We also roll out new businesses in such areas as biotechnology, afforestation, and energy. 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.

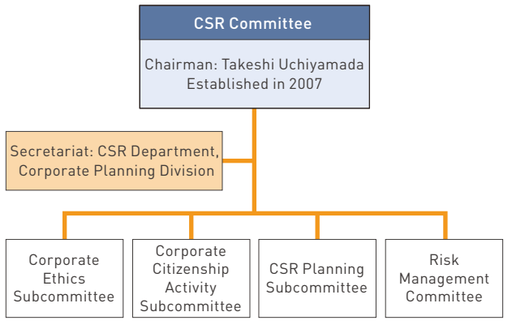
In addition, we participated in the formulation of and observe the standards outlined in the Charter of Corporate Behavior of the Nippon Keidanren (Japan Business Foundation), an alliance of leading Japanese corporations.

Positioning of the CSR Policy



Overview of Toyota's CSR Activities
(automobile manufacturing, new business, and social contribution)

CSR Promotion Structure



CSR Policy: Contribution towards Sustainable Development

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.

For further information on Toyota's CSR Policy, please see p.78

CSR Management Based on the Toyota Visionary Management Indices

In order to realize the Toyota Global Vision, Toyota has set goals and established the Toyota Visionary Management Indices as key performance indicators (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.

Results of Implementation of the Toyota Global Vision in FY2012

	Goals	Major activities in FY2012 and results	Self-evaluation results
Always Better Cars	Achieve the highest level of customer appraisal in terms of safety, quality and moving people	(Safety) -Developed the Pre-collision System with pedestrian detection and rear-end collision avoidance functions and the Intelligent Clearance Sonar that helps prevent accidents in parking lots (high incidence among elderly drivers), and launched vehicles equipped with these technologies -Developed and deployed technologies aiming to realize top levels of assessment standards in respective countries	△
		(Quality) Adopted work processes that prioritize customer safety and confidence in all areas from development to sales and after-sales service	○
		(Smiles, moving people and product lineup) Launched a compact hatchback fitted with an electrically-operated sliding door that has a wide opening and is easy to use. Also features a side-access model that allows a person in a dedicated wheelchair to ride in the passenger seat	○
	Listen sincerely to customer feedback and take action from the customer's perspective	Implemented customer feedback exhibitions and other internal educational activities aimed at permeating awareness of the Customer First principle throughout the company	○
Enriching Lives of Communities	Contribution towards environmental preservation (1) Eco-cars Aim to improve global average fuel efficiency by 25% by FY2015 (compared with FY2005)	(Eco-cars) -Annual global sales of hybrid vehicles top one million units -Developed a new hybrid system exclusively for rear-wheel-drive vehicles that realizes both class leading levels of environmental performance and high system output	○
	(2) Environmental Impact Aim to reduce CO_2 emissions from business activities by 29% by FY2012 (compared to FY2001; per unit produced globally)	(Environmental impact) Promoted integrated energy management initiatives taking both energy consumption and supply into consideration (energy-saving production technologies/development and introduction of energy-efficient equipment and installation of high efficiency in-house power generation equipment Toyota Motor Corporation (TMC)	○
	Engage in advanced/cutting-edge research for a new mobility society, and promote the practical application and popularization thereof	(Future mobility society) -Verification testing of the urban transport support system Ha:mo, which seeks to provide people- and community-friendly mobility, begun in Toyota City -Announced the start of verification tests on an ultra-compact urban EV car-sharing project in the city of Grenoble, where strict environmental regulations apply, with the goal of reducing emissions of greenhouse gases and air pollutants	△
		(Accidents/traffic congestion) -Built a new test site, the ITS Proving Ground, inside the Higashi-Fuji Technical Center to accelerate the development of vehicle-infrastructure cooperative systems that support safe driving practices with the aim of helping prevent accidents at intersections -Expanded global operations, including establishing a joint venture in China for map delivery services and increasing telematics services for smartphones in Thailand	○ △
	Collaboration with Business Partners (1) Suppliers: Promote local purchasing globally	(Suppliers) Revised the Toyota Supplier CSR Guidelines and asked suppliers in Japan to adopt them	○
	(2) Dealers/distributors: Establish sales networks together to be rewarded with a smile	(Dealers/distributors) -Provided support to activities conducted by the Toyota National Dealers' Advisory Council such as self-auditing using checklists, etc. -Held the Aqua Social FES in cooperation with regional NGOs and other organizations (See P50 for details)	○
	Continue stable social contribution activities at an appropriate level as a good corporate citizen	(Support for Tohoku Region revitalization) -Commenced operation of the F-Grid with the aim of contributing to building a community that is safe and secure through the combined efforts of the region and the industrial park and the revitalization of local industries and regions -Implemented the Kokoro Hakobu Project—Toyota's continuous and long-term recovery and revitalization support activities with *"kokoro* (heart)"	○ ○
		(Social contribution) Continued implementation of activities that focus on the environment, traffic safety, education, and society and culture (including distribution of traffic safety picture books to Taiwan and support)	○
Stable Base of Business	Increase the ratio of employees who feel that their jobs are rewarding	(Development of human resources) Continued participation in the WorldSkills Competition as part of initiatives to develop human resources who will support Toyota's *monozukuri* (manufacturing) (Toyota employees participated in 10 events at the national level competition and won 7 gold medals)	○
		(Employment and work practices) Expanded opportunities for employees by establishing the Regional Employees System under which employees who are highly skilled and also well acquainted with a particular region continue working in that region	○
		(Safety and health) Implemented activities to enhance employee awareness of safety, establish occupational safety and health management systems (OSHMS), and take proactive preventive measures	△
	Establish a stable base of business (earnings base, governance, Business Continuity Management (BCM), etc)	(Earnings) Consolidated operating income grew to 1,320.8 billion yen through groupwide cost reduction efforts and increased vehicle sales	○
		(Governance) -Created systems to include diversity in management and reflect external opinions by appointing a female outside Audit and Supervisory Board Member (June 2012) and Outside Directors (June 2013) -Formulated an executive message on anti-corruption and adopted Anti-Bribery Guidelines (BCM) Promoted the creation of a framework for business continuity management that is unique to Toyota and aims for recovery from the perspective of customers and local communities	○

○: Goal achieved △: Goal partially achieved ×: Goal not achieved

For further information on the initiatives listed above, please see the webpage below

http://www.toyota-global.com/sustainability/csr/kpi/

For activity results regarding the disclosed KPI, please see the "CSR Achievement Data" section on pp 76-77.

Takeshi Uchiyamada
Chairman, Toyota Motor Corporation

×

Mizue Unno
Managing Director,
So-Tech Consulting Inc.

Toyota's Approaches to the Creation of a Sustainable Value with Regard to Cars, Local Communities, and Management

By carrying out the Toyota Global Vision, Toyota aims to be a company that remains a necessary presence in future society. Toyota invited Ms. Mizue Unno to discuss what kind of company Toyota seeks to become with Chairman Uchiyamada, who became the chairman of the CSR Committee in June FY2013.

What Kind of Company Do We Want to Be? The Answer Is in the Toyota Global Vision

Uchiyamada: Our founder Sakichi Toyoda saw his mother working nights weaving cloth and invented the automatic loom to make her life easier. It was the long-held wish of Kiichiro Toyoda, who launched the automotive business, that cars be manufactured by Japanese people. Since its foundation, Toyota's entrepreneurial spirit has long been based on the strong desire to serve and make positive contributions to people and the country, rather than on financial goals.

When I was in junior high school, I decided that I wanted to work for a car company because I dreamed of seeing families driving around town in cars that I created.

This dream was fulfilled long after I started working for Toyota. I had very nearly forgotten it when I was put in charge of development of the Prius. This was my first and last chance, and some people questioned whether it was practical to appoint a person with no experience as a car development chief engineer.

Unno: It was my impression that the hybrid was developed by experts in car planning and development.

Uchiyamada: When I asked my supervisor why I had been appointed, I was told that the missions of the project were to create a "vehicle for the 21st century" and to change development techniques, and also that I was the right person for the job because I was not familiar with prior development methods.

Later, global business expanded and the company enjoyed solid growth, but we were affected by the repercussions of the Lehman Brothers bankruptcy and a series of recall-related issues in North America that shook customer trust and confidence. We asked ourselves what we can do to restore Toyota, unify all global team members, and make a fresh start. It was based on this concept that we adopted the Toyota Global Vision under the leadership of a foreign officer from North America.

In the Global Vision, we answer the question "What kind of company do we want Toyota to be?" by pursuing three objectives: Always Better Cars, Enriching the Lives of Communities, and a Stable Base of Business.

"We will not become a company that pursues numerical targets." "We will make always better cars." We decided to become this kind of company through the efforts of all employees. Make better cars, receive heart-felt gratitude from customers and local communities, use that feedback to solidify our management foundations, and make the next better car—this is the goal of the Toyota Global Vision, and pursuing this is our mission.

As it turns out, we announced the new vision internally just two days before the Great East Japan Earthquake. I felt that the vision served as a basis for employee thinking as we fought desperately to achieve recovery and revitalization from the disaster.

To Be Rewarded by the Smiles of Customers —Starting from Making "Always Better Cars"

Unno: What measures have you taken to penetrate the Vision and put it into practice globally?

Uchiyamada: The driving force is "always better cars." Since he was appointed, President Akio Toyoda has been continuously telling us that we need to "make better cars."

What he means is that making better cars is not an issue that concerns just development and design, but all employees—including those in production, purchasing, sales, management, and advertising—should think about what they can do to contribute to making better cars. When we ask "what is a better car?", however, this is a difficult question to answer. Everyone's opinion is different. To address this issue, we created four major categories: cars specialized to meet tastes and sensibilities of customers (such as sports cars); mass production vehicles; vehicles with a social purpose (such as ambulances and firefighting vehicles); and next-generation vehicles. Our idea of "better cars" is vehicles that enthrall customers and spur their desire to own them. The pursuit of always better cars, requires one to think without limit.

Unno: The result is being rewarded with the smiles of customers, as indicated in the Toyota Global Vision. Toyota has adopted development structures on a country and regional basis in order to adequately respond to each requirement and demand. This also must be an approach for making "always better cars."

Uchiyamada: There are things that we must not change, and other things that we need to change in different countries and regions. Sports cars, for example, must not be changed according to the region. The sports car is a vehicle whose value from the customer's perspective is the same everywhere in the world. In contrast, Innovative International Multipurpose Vehicles (IMV)* are positioned as "cars for the people" in emerging markets and are unique to each region based on specific characteristics and needs.

In the case of mass production vehicles such as the Corolla, the name is the same, but the vehicles are different from those in Japan and are tailored to regional characteristics based on feedback from local customers.

* Toyota's global strategy models, so named with the aim of creating multipurpose vehicles that can meet the various needs of customers around the world.

Business Initiatives that Can Develop with Local Communities and Create Community Value

Unno: The Vision also carries Toyota's aspirations to contribute to "enriching the lives of communities." CSR is about businesses taking action within their operations toward sustainable development, and therefore, in conjunction with making always better cars, it is also important to adopt a posture of active engagement in community development. There is a growing public awareness to turn interests towards corporate behavior and whether a company—as well as the products and services provided—can be trusted.

Uchiyamada: An essential condition of our business activities is that they be accepted by the local community, and our objective is to develop together with the community. We believe that there is absolutely no contradiction between the sustainability of Toyota and the sustainability of the local community. One example is our plant construction. Once we build a plant, it establishes permanent ties within the community.

Toyota has never closed a plant because of internal circumstances. This is something we can be proud of. Our plants have a close connection to not just the people who work there, but also suppliers and their families and many other people in the wider community. They are a presence with substantial impact. Therefore we always conduct business with an awareness of these numerous stakeholders.

Unno: That's exactly the Toyota Way, the foundation of Toyota Visionary Management.

Uchiyamada: Approaches to manufacturing are without a doubt different in Japan and other countries and regions. In Toyota's case, however, its approach to manufacturing is the same in Japan and every other country. This is why we make considerable efforts within the company to find ways of gaining an accurate understanding of Toyota's concepts overseas too, and we manufacture cars without changing those concepts.

Ensuring Accountability for Stakeholders in the Midst of Global Diversity

Unno: Toyota is highly commended for considerable accomplishments made within the company as well as a series of community initiatives in various areas such as human development. At the same time, however, such efforts by Toyota may not be conveyed effectively to external stakeholders. At times, there is an impression that the company is rather forcing its own ideas on interested parties. I believe that, in addition to undertaking various initiatives in many countries and regions, interpreting those efforts by clarifying the rationales will facilitate broader understanding of Toyota.

Uchiyamada: It is true that there has long been a culture within Toyota of "If people simply look at our cars, they'll understand, so all we need to do is to continue making cars to the best of our ability" and of not publicizing our positive actions.

Unno: We can possibly understand each other without communicating things directly in Japan, but sensibilities and ways of thinking vary in other countries. If you don't engage in dialogue with people, they won't understand what you're trying to convey. The key is to engage in communication with local stakeholders in ways that differ from those used in Japan. Just as adequate communication in an accountable manner and responses to consumers as already conducted for marketing strategies of automobiles, the company should also have stakeholder strategies adapted to local communities and regions. I have high expectations for better accountability concerning Toyota's unique efforts as an automobile company to enrich the lives of communities.

Uchiyamada: We promote activities that we believe will be useful to society, and we have a tendency to believe that it is important for people to understand our actual practices. However, we reaffirm the significance of accurately conveying to society what we value. We need to listen to the frank assessments of people outside the company and adopt innovations to our ways of communicating with local communities—that is what I've felt from talking to you.

Unno: This is stakeholder dialogue and is referred to as "engagement." Many companies have means for listening to customer feedback concerning products and services and use that information to make improvements. I think it is also necessary to have a means of listening to the opinions of key local stakeholders about your local business activities and use such information in management. When a certain local concern occurs, these individuals will likely become crucial Toyota supporters.

Toyota has executed leadership and is taking various actions in collaboration with companies in non-automobile businesses. What is the direction that Toyota is pursuing with respect to mobility that goes beyond the existing automobile community?

Uchiyamada: Our mobility initiatives are characterized not by completely new concepts, but rather, by extensions and evolutions of existing concepts to make intensive advances. Within that process, we are identifying and addressing the issues that need much greater attention. This starts with hybrids. This is not a matter of technology—automobile manufacturers have responsibilities to address 21st century issues such as those related to resources and the environment. This was our starting point.

At that time, we pursued higher fuel efficiency, but now, new questions related to population issues and the development of emerging nations, of how society will use energy and how cars fit into the system as a whole have emerged. The F-Grid* concept that we are undertaking in eastern Japan is not just about grid power management, but also about plants using electric power generated by in-house power generators and supplying that energy to key facilities of local communities during emergencies. The concept will verify how we can effectively use a grid that is made up of power that flows downward from the conventional grid and upward from regional power sources. Plug-in hybrid vehicles are also an important element of the F-Grid, and we are conducting research in collaboration with local communities on how cars can be used as part of a sustainable society's systems without any negative impact on society or energy.

Unno: In other words, Toyota is utilizing its technologies and expertise as an automobile manufacturer and working with people in various fields and with diverse perspectives to address social issues.

Uchiyamada: We are creating opportunities for Toyota to disseminate information on its current thinking regarding the environment. We hold an Environmental Technology Forum for members of government and the media once every two years and explain in considerable detail our current thinking and the direction that our research is taking. We also make proactive proposals concerning energy policy. We are making considerable efforts to achieve understanding of our energy policies, separate from the issue of whether our proposals are immediately reflected in actual policy.

* The "F" in F-Grid stands for "factory"

Listening to Stakeholders to Become a More Transparent Company

Unno: Finally, I note that Toyota introduced external directors this fiscal year. Would it be fair to say that in addition to having a transparent board of directors, Toyota believes that it is also important to incorporate stakeholders' commitment in the key stages of the decision-making process?

Uchiyamada: We introduced external directors not just to secure mechanisms, but also to examine individual actions from diverse perspectives and obtain advice. We have had external corporate auditors for a long time, and an organization known as the International Advisory Board has been convened which consists of advisors to global Toyota selected from all around the world. In each country and region, we have systems for viewing things from outside in individual managing companies. It is best to have mechanisms where governance is undertaken automatically in day-to-day operations, and we have various people observing our operations to complement those mechanisms. I believe that this is fundamental.

There were some within the company who believed that all internal matters should be handled by internal personnel who deeply understand our company, but when awareness inside the company is different from that in society in general, external personnel can point this out to us. We made the decision based on the belief that this is the most important thing.

Unno: I also have experience as an external director. When an outsider points out something critical, even if it doesn't lead to immediate change, I feel that it brings the significant effect of inspiring management to stay focused.

Uchiyamada: With regard to our accountability to regional stakeholders, we will also consider carefully what is being asked of us and that we should convey more critical information and become an even more transparent company.

Thank you for your many valuable opinions. We will continue putting Toyota Visionary Management into practice, and you can look forward to additional measures intended to achieve sustainable growth of society and the planet.

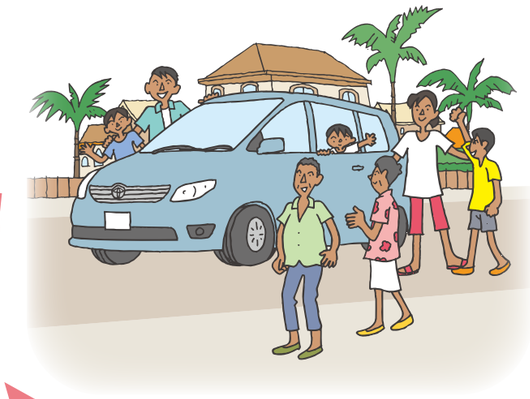
Toyota Global Vision
– Always Better Cars

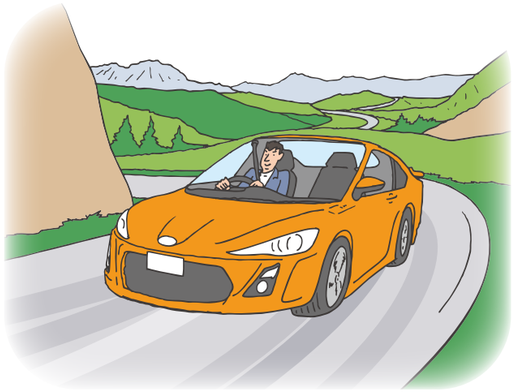
Always Better Cars

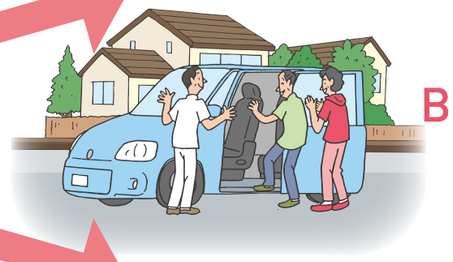
Making always better cars in order to exceed customer expectations

What customers expect from their cars depends on their lifestyle, family configuration, country/region of residence, driving situation, etc. For example, they may want to use their cars to visit certain places or to go on family outings. Toyota believes that giving its full attention to carefully listening to customers is the starting point for making better cars. Furthermore, to accurately respond to the wide-ranging needs of customers, Toyota is employing a new framework for developing better cars, called the Toyota New Global Architecture (TNGA). Toyota is committed to continuing to make better cars that exceed customer expectations. By making better cars that deliver high quality, safety, and security and are simultaneously exciting and environmentally considerate, Toyota's wish is to bring a smile to every customer's face.

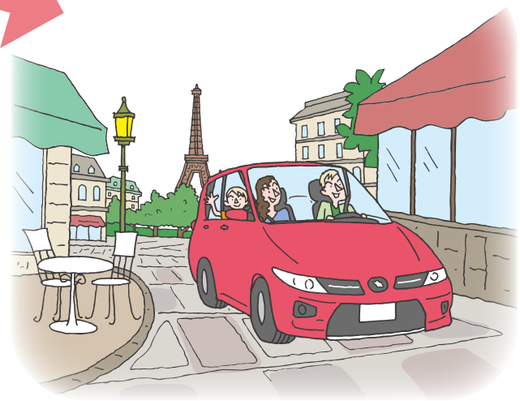
Customers' expectations and ways of using cars vary widely.







Bringing a Smile to Every Customer



KPI for Always Better Cars in FY2012

Quality

J.D. Power (US) Initial Quality Study (IQS) ranking No. 1 — **5 segments**

Percentage of calls taken at the Toyota Customer Assistance Center — **94%**

Safety

No. of models that acquired NCAP 5-star safety rating (total for Japan, US, Europe and China) — **8 models**

Environment

Cumulative hybrid vehicle sales (as of the end of December 2012) — **4.794 million units**

Global average fuel efficiency (Japan, US and Europe) (index assuming the 1997 figure to be 1) — **1.43**

Toyota's New Approach to Car-making

Toyota New Global Architecture (TNGA) - making affordable cars that satisfy customer needs

Regional optimization and differentiation to suit customer preferences

+

New architecture to intelligently improve basic performance

Toyota's New Organizational Structure

1. The TNGA Planning Division and the Product & Business Planning Division were established to position the notion of making always better cars at the core of company management.
2. The automotive business was reorganized into four business units.

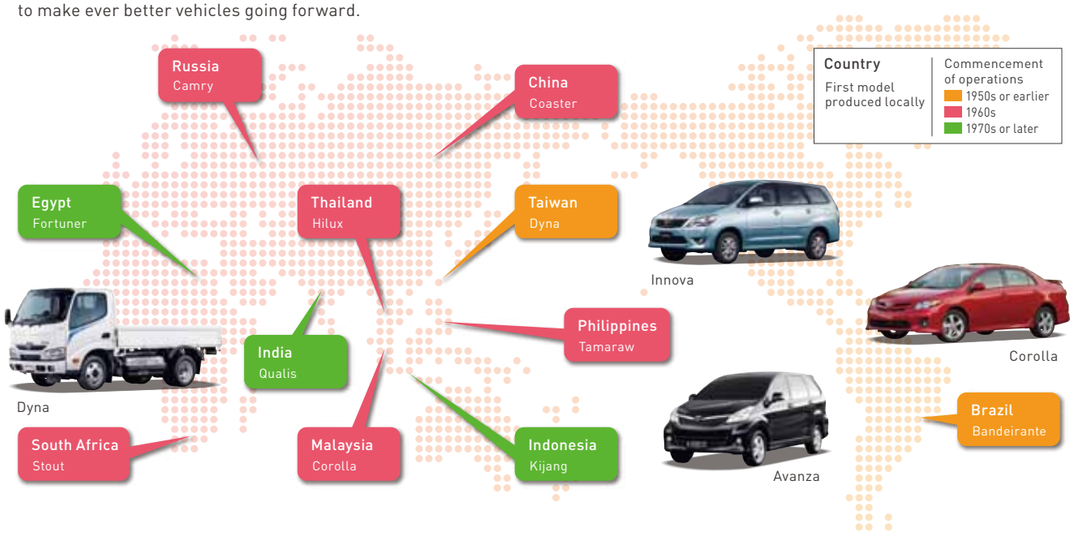
- Lexus International (Lexus business)
- Toyota No. 2 (China, Asia & Middle East, East Asia & Oceania; Africa, Latin America & Caribbean)
- Toyota No. 1 (North America, Europe and Japan)
- Unit Center (Engine, transmission and other "unit"-related operations)

Special Feature

Aiming for the Best Suited Vehicles for Each Emerging Market

Toyota aims to manufacture vehicles that earn smiles from our customers in each country and region through our business activities that are strongly entrenched in those countries and regions

Toyota's basic stance towards doing business outside Japan is to contribute to the development of the economy, employment, transportation, and other areas of the country in question through the automotive industry. This stance has underpinned Toyota's initiatives in emerging nations in particular over the past half century as it has made operations more deeply rooted in local regions and manufactured vehicles that earn smiles from our customers. The global network that Toyota has built to date forms a solid base to make ever better vehicles going forward.



Toyota's Initiatives in Emerging Nations – Manufacturing Vehicles with a View to Developing Local Industry and Contributing to the Betterment of Society

Ever since commencing sales in Taiwan in 1949 and establishing a production plant in Brazil in 1959, Toyota has continued to produce and sell vehicles in emerging nations, including Latin America, Asia, Africa, and elsewhere throughout the world. Toyota's basic stance towards expanding into emerging nations is to "contribute to the development and welfare of the country" (a *Toyoda Precept*), which means identifying, cultivating and developing the supporting industries and creating strong bonds with the local communities. This thinking has underpinned Toyota's efforts over the last half century to create employment, contribute to economic development, and actively promote numerous social contribution activities in the various local communities where Toyota does business.

Since the 1970s, Toyota has worked with local residents in the ASEAN[1] region to develop the automotive industry there, focusing on producing vehicles that earn smiles from our customers and contribute to improving the quality of life of local communities, and on developing automotive industry infrastructure and fostering parts suppliers.

With the sudden globalization of the world economy from the latter half of the 1990s, Toyota has matched pace and accelerated the globalization of its operations. Toyota launched the IMV[2] Project in 2004, a global strategy to localize procurement and production and develop products that meet differing needs in various countries and regions. In March 2012, the total number of IMV series vehicles produced reached five million units. These have been sold in 170 countries around the world, and produced by 12 overseas affiliates in emerging markets.

The 1976 locally-produced Tamaraw was built based on an extremely simple design in order to make it as affordable as possible for local customers, for whom, this was a major consideration when purchasing a vehicle.

1. Organization of 10 southeast Asian countries with collaborative relations covering economic, social, political, defense, and cultural aspects
2. Toyota's global strategy models, so named with the aim of creating multipurpose vehicles that can meet the various needs of customers around the world

Toyota's Basic Stance

Toyoda Precept
"Contribute to the development and welfare of the country"

- The identification, cultivation, and development of supporting industries
- Activities rooted in local communities

Toyota's History in ASEAN Emerging Nations

1970s – 1980s	From the latter half of the 1980s to the 1990s	Latter half of the 1990s	Present day
Establishment of automotive industry infrastructure, start of collaboration with suppliers	Shift from country-based production to region-based production by building a system for mutual complementation within the ASEAN region	Establishment of a global supply structure	Localization of R&D to more efficiently develop products and better meet local needs

Product Development Meeting the Needs of Each Country and Region

The IMV Project has to date launched a number of different products meeting the needs of customers in various regions by employing the *genchi genbutsu* (on-site, hands-on experience) concept to observe and analyze how vehicles are used in different countries and regions around the world, and subsequently develop specific models that are tailored to local customer preferences and usage environments. Furthermore, in order to reduce costs and improve efficiency, Toyota has consolidated the original 11 small-scale production bases into four plants, allowing us to provide vehicles at an even more affordable price, put in place a production system that eliminates customer waiting time after an order has been placed, and institute a more fulfilling after-sales service system.

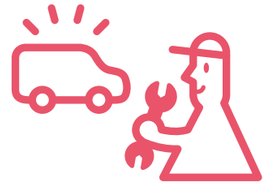
Fortuner

Hilux

Key Development Aspects of the IMV Project Aimed at Providing Customers with Vehicles that Earn Smiles from Our Customers

Detailed surveys and analysis

Different regions have vastly different environments: steep unpaved roads, desert, high altitudes exceeding 4,000 m above sea level, severe heat in excess of 40°C, or extreme cold in excess of -30°C. Usage requirements differ widely too: some regions require utility vehicles with decks capable of carrying large amounts of cargo, other regions require vehicles capable of carrying a large number of passengers; some regions require passenger cars, some commercial vehicles, while others need vehicles that can function as both.



Product development that is tailored to local needs

Toyota develops different IMVs for different regions after gaining a firm understanding of the usage environments of each region. Toyota produces a wide variety of different vehicles, based on five separate global standardized body types, to carefully match the diverse needs of customers in different regions.

Extensive after-sales service

The IMV after-sales service structure covers all regions and offers meticulous support to customers. Toyota is also expanding its sales network in emerging nations, where dealers are responsible for new vehicles, parts, and after-sales service, just as they are in Japan.

New Compact Cars to Meet Customer Needs in the Growing Emerging Markets

Automobile markets in emerging nations are growing every year in tandem with their developing economies. In particular, the number of customers wanting compact cars is increasing. In response to this situation, Toyota has positioned the Asia region (primarily ASEAN nations) as its "second home base" and is strengthening the production and supply of compact cars there as a second pillar of its business in Asia alongside the IMV Project.

Starting with the Etios launched in India in December 2010, Toyota intends to introduce a total of eight different compact car models specifically developed for emerging nations.

Amid our plan to produce vehicles in emerging nations, and sell more than one million vehicles a year to more than 100 countries and regions around the world, Toyota began exporting the small car Etios and the Etios Liva hatchback, produced by Toyota Kirloskar Motor Pvt. Ltd. (TKM), India, to South Africa in April 2012.

Future Initiatives

Positioning of the Asia region as Toyota's "second home base"

↓

Make better compact cars that meet market needs based on consumer feedback
Annual sales of one million compact cars, across eight different models, aimed at emerging nations

Etios

Etios Liva

Vios Development Started with a Return to the Viewpoint of Customers in Growth Markets

At the Bangkok Motor Show in Thailand in March 2013, Toyota debuted the new Vios, a compact car specifically designed for emerging nations. Developed based on the concept of sharing the dream of car ownership with first time buyers, the Vios has achieved the highest level of comfort and fuel efficiency within its class, along with a refined exterior, providing the ultimate in the joy of car ownership, the pleasure of driving, and comfort.

In economically thriving emerging nations, customer needs are rapidly evolving. To precisely satisfy customers' needs at an affordable price, the new Vios features carefully selected performance levels, equipment, and specifications.

The Vios, along with the Etios, is positioned as the ultimate car to lead the expanding compact car market in emerging nations.

Vios

From the developer

The excitement on the children's faces when that first car is delivered, the father's proud smile, the happy times the family will spend traveling in that vehicle—these are the images we set out to create a car that would allow us to share this dream and this joy with customers. To that end, it was important for us to create a car with amazing value at a genuinely affordable price. We revised the usual approach of planning for normal evolution in a redesign and carefully selected the performance and equipment that customers really need. One such example is the inclusion of an audio system compatible with a USB-based external media player. We listened to customer input because we wanted to develop the new Vios as a car that would bring joy and the realization of their dreams to as many customers as possible.

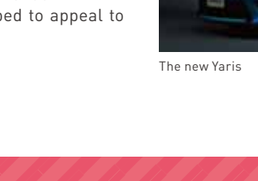
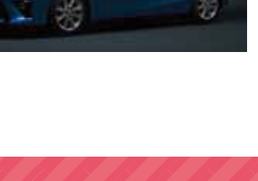
Takeshi Matsuda
Chief Engineer for the Vios


Gateway Plant (Thailand) where the Vios is produced

Three Key Selling Points of the Vios

Dynamic exterior design and interior quality feel to create a "class-above" presence

The exterior, interior, and color bolster the visual impact, and everything including the specifications and quality provide complete value. The "class-above" presence expresses a magnificence that the owner will want to proudly present to family members and friends.

Class-surpassing spacious cabin and luggage space

An expanded vehicle size has enabled a class-leading spacious cabin and luggage space. As a hospitality space, particular attention was paid to the comfort of the rear seats. Extensive surveys on actual luggage space usage have led to a large trunk space that is easy to use.


The Toyota brand's high levels of basic performance and durability

The Vios was developed with particular attention given to the basic performance of "moving", "turning" and "stopping" as well as reliability so that customers would truly appreciate its greatness once they drive and use it for a while. The Vios also features excellent driving stability and riding comfort that allow the driver to drive it with a sense of security even on rough roads.

New Yaris Premiered at the Shanghai Auto Show

Toyota displayed the new Yaris as a world premier car at the Shanghai International Automobile Industry Exhibition held in April 2013. Production and sales of the new Yaris, based on the global-strategic concept car unveiled at the Beijing Auto Show last year, will commence in China at the end of 2013. Two world premiere cars—to be sold exclusively in China—were also on display at the show: a concept car equipped with a hybrid system currently under development and a six-seater developed to appeal to young Chinese consumers.

The new Yaris

Focus

Making Always Better Cars for the Japanese, European, and North American Markets

Toward the realization of the Toyota Global Vision and to achieve sustainable growth, Toyota restructured its automotive operations into four business units in April 2013. With the goal of building a truly competitive business group, Toyota No. 1 will be responsible for the Japanese, European, and North American markets while Toyota No. 2 will be responsible for markets in emerging nations. Each of these units will handle the entire business process from product planning to production and sales. This section describes the initiatives taken in FY2012 in the Japanese, European, and North American markets.

Initiatives in Japan | Crown Reborn with Completely New Styling, Technologies, and Production and Sales Methods

CROWN

The original "Crown" debuted in 1955 and established a tradition of ease-of-use. The Crown has since evolved into a sedan that leads the premium car market in Japan. The 14th-generation of the Crown debuted in December revisits its roots while refining the technologies and performance that give customers peace of mind and gain their trust. The new Crown has been "ReBORN" as a new Toyota symbol, designed around the core concept of achieving innovation, and stands at the forefront of Toyota's ongoing efforts to make always better cars that exceed customer expectations.

Initiatives in Japan | New Porte/Spade Now Available as Welcabs

PORTE/SPADE

Based on the philosophy of "providing freedom of mobility in comfort to all people," Toyota has been developing a wide variety of Welcabs* to provide safe and comfortable vehicles for people with physical disabilities, the elderly, and their caregivers. In FY2012, Toyota enhanced its line-up to offer 58 types of Welcabs in 29 vehicle series in order to address the diversifying needs for assisted-mobility vehicles.

The new Porte/Spade Welcab launched in July 2012 features a detachable passenger seat that can be used as a wheelchair and a lift that brings a person in a dedicated wheelchair directly into the front passenger seat area, the only vehicle to offer such features in Japan.

*Specially equipped vehicles with factory-installed features for disabled people. The name has been coined from the words 'welfare' and 'cabin.'

Initiatives in North America | New Avalon Launched Designed by North American Team for the North American Market

AVALON

The Avalon debuted as Toyota's flagship U.S. sedan in 1994 and has been produced and sold in the U.S. This top-of-the-line sedan continues to evolve in response to the needs of U.S. customers. On October 30, the same day it commemorated cumulative total production of 25 million vehicles in North America, Toyota held a line-off ceremony for the 4th generation of the Avalon, and sales began in December. The entire process of creating the new Avalon, from styling to design and production, was carried out by an all-U.S. team led by the first-ever American chief engineer. Not only did Toyota achieve elegant yet striking styling in the new Avalon "Made/Born in the U.S.A.," but also made available a hybrid powertrain for the first time.

Initiatives in Europe | New Auris and Hybrid Version Launched as Part of the European ReBORN Key Project

AURIS

In Europe where environmental awareness is high and hatchbacks and compact cars are very popular, Toyota launched the Auris HV following the Yaris HV. European governments offer excellent subsidies for the purchase of environmentally considerate cars. For example, in Italy, about half of all taxis are Prius hybrids. The new Auris line-off ceremony (in November 2012) was attended by approximately 100 people, including Dr. Vince Cable, U.K. Secretary of State for Business, Innovation and Skills; Didier Leroy, President, Toyota Motor Europe (TME); other government and local officials; and media personnel. The key project in Europe and a popular topic of conversation at the Paris Motor Show for its innovative design, the Auris attracted a great deal of attention and high expectations.

Initiatives to Improve Quality

Toyota's Basic Philosophy Regarding Quality

Quality is achieved through the integration of various business activities, including development, design, purchasing, production, sales and after-sales service. Each area is indispensable in the delivery of satisfactory quality to customers.

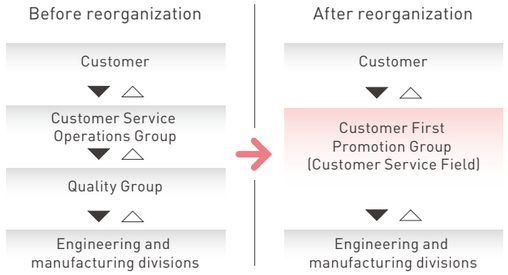
Toyota continues to aim to put the principles of "Customer First" and "Quality First" into practice and to respond to the expectations of customers and society at large. That is why every member across Toyota's operations maintains high consciousness of quality, takes ownership for issues that may arise and responsibility for implementing improvements. All areas cooperate closely with one another towards enhancing customer confidence and trust in Toyota.

Customer First and Quality First Activities Promoted and Enhanced through the Customer First Promotion Group

In April 2012, with the goal of becoming a quality leader from the customer's perspective, Toyota combined the Customer Service Operations Group and the Quality Group to establish the Customer First Promotion Group. The Customer First Promotion Group is promoting various customer-first and quality-first initiatives with the major objectives of improving the ability to respond quickly to quality issues, bolstering support for after-sales service functions at dealers and distributors, and strengthening internal systems toward quality improvements. The Customer First Promotion Group, which acts as a direct link between customers and the appropriate internal departments, is striving to proactively disseminate market information as a customer advocate, strengthen initiatives to discover and resolve issues early by paying utmost attention to initial reports of quality issues from customers, and enhance Toyota's ability to support dealers with troubleshooting and repair.

The Most Important Objective in Establishing the Customer First Promotion Group

Quickly communicating customer feedback directly to internal departments in order to resolve issues



Major Activities in Each Area for FY2012 and Plans for FY2013

Sales and after-sales service

- Start of initiatives to pay utmost attention to initial reports of quality issues from customers, with the goal of discovering and resolving them at the quickest speed in the industry
- Enhancement of Toyota's ability to provide assistance to dealers in troubleshooting and repair by utilizing remote information on the vehicle's current status
- Promotion of the building of systems and frameworks to strengthen activities at distributors and dealers in order to increase customer satisfaction level

FY2013: Initiatives taken from the customer's perspective to strengthen Toyota's capabilities to completely solve problems on the first try

Development and design

- Promotion of vehicle development that gives customer safety and confidence the highest priority
- Collaboration with suppliers to ensure quality performance and to further improve drawings for accurate understanding
- Collaboration with production engineering and manufacturing divisions to provide more precise drawings and instructions for parts related to customer safety, as well as better process control

FY2013: Further initiatives to ensure product safety and enhance customer confidence

Production

- Reliable incorporation into inspection methods of the key points that must be identified within production processes and continued enhancement of initiatives toward improving quality in important processes
- Steady promotion of initiatives to improve the completeness of *Ji Kotei-Kanketsu* (built-in quality with ownership) in order to ensure quality in each process

FY2013: Initiatives to further strengthen Toyota's quality control system toward ensuring quality in important processes

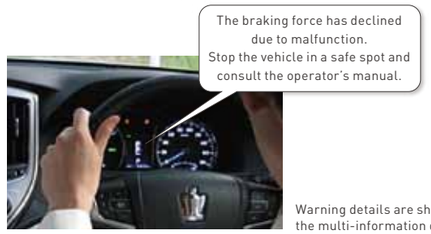
Purchasing

- Collaboration with development, design, and production divisions to enhance the assessment process for selecting new suppliers of locally procured parts overseas
- Audits of existing suppliers on a global scale to ensure continued production of high-quality parts
- Support to make processes that are especially difficult for building in quality independent

FY2013: Enhancing global structures for supplier quality control

Ensuring Quality in Product Safety and Taking Steps to Steadily Improve Customer Confidence

In addition to working with production engineering and manufacturing divisions to ensure product safety, development and design divisions are working on developing various products in order to improve customer confidence. One example is the work being done on developing a method of issuing warnings that can be easily understood by customers based on the philosophy of helping the customer feel safe even if an unlikely failure occurs. For example, in the past, when a brake fluid leak occurred, only a warning light would light up on the dashboard display. In order to properly communicate to the customer what has happened and what action should be taken, Toyota has begun adopting a warning method that also sounds an alarm in addition to showing the warning details on the display.



Warning details are shown on the multi-information display

Strengthening the System for Developing Human Resources Involved in Various Quality Aspects by Incorporating the Lessons Learned from Quality Issues

Designating February 24, the date when a public hearing on quality issues in North America was held, as the "Toyota Restart Day," Toyota has been moving forward to build a framework that will ensure that the focus on quality remains in place. By incorporating this framework into company-wide education, Toyota is working to develop global human resources involved in various quality aspects.

In FY2012, Toyota enhanced its Customer Quality Learning Center, a hands-on learning facility where employees can learn based on the *genchi genbutsu* (on-site, hands-on experience) concept. In addition to classroom learning, the Center provides learning aids that involve all five senses, such as panels, videos and actual customer feedback, and is expanding their use in employee education and various events.

Customer Quality Learning Center, a hands-on learning facility

Declaration sheets for "Toyota Restart Day" on display

Promoting Customer Satisfaction Initiatives Globally to Achieve Satisfaction Levels that Surpass Customer Expectations

High product quality and excellent sales and after-sales service are both essential to customers and must be improved. By thoroughly understanding how each customer feels, Toyota is striving to improve customer satisfaction. In its global customer satisfaction initiatives, Toyota is pouring resources into educating dealer staff and is working to strengthen the skill levels of Service Advisors, repair technicians, and vehicle body parts technicians through an education/certification system. At the same time, Toyota is also enhancing its operations through standardization of and improvements to on-site operations, such as servicing processes, parts supply, and sales and after-sales service linked operations.

The Toyota team that won 1st place in the International Service Champions' Assembly

Global Initiatives

Strengthening Quality Improvement Activities Globally in Collaboration with Individual Regions

Global CQO Meeting

In April 2013, Toyota held the Global Chief Quality Officer (CQO) Meeting, participated by officers in charge of quality at all regional affiliates. The status of customer confidence recovery since the series of quality issues occurred and examples of the quality-improvement activities being promoted in each region were shared globally. The officers reviewed the quality-related initiatives taken over the previous year and reaffirmed their commitment to continue working on improving quality in FY2013 from the customer's perspective in the areas of both product quality and sales and after-sales service.

Applying Customer Feedback to the Creation of Better Products and Services

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.

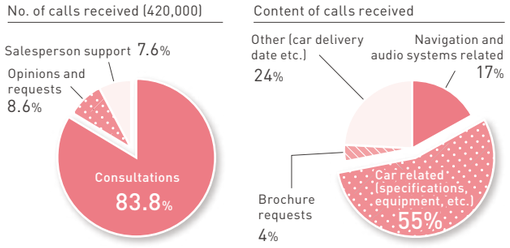
Toyota Customer Assistance Center and Lexus Information Desk

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. In FY2012, 420,000 telephone calls were received, of which 352,000 were for matters of consultation, 36,000 were for expressing opinions and making requests, and 32,000 were related to salesperson support.

No. and Content of Calls Received by the Center and the Desk in FY2012



Ongoing Customer First Staff Education

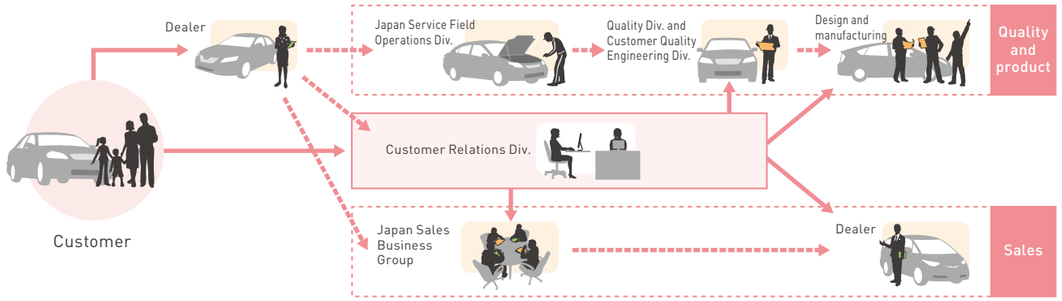
Toyota has named the nationally designated Consumer's Month of May as Customer's Month, and is continuing to undertake initiatives aimed at permeating awareness of the Customer First principle throughout the company.

In FY2013, Toyota held customer feedback experience events, exhibitions, and lectures with the aim of encouraging them to perceive customer feedback with a sense of ownership and to take action. These events were based on the theme "What areas of your behavior have changed in what ways in order to be rewarded with the smiles of customers?" As part of internal training, Toyota also holds customer feedback experience seminars throughout the year to monitor customer feedback at the Customer Assistance Center.

Customer feedback experience seminars	Distributes customer feedback to all employees on the Toyota intranet
Exhibitions	Features feedback from customers both in Japan and overseas, as well as examples of actions being taken from the customer's perspective
Lectures	Invites representatives from other companies that are practicing the Customer First principle as visiting instructors to lecture on the topic of "Being rewarded with the smiles of customers"

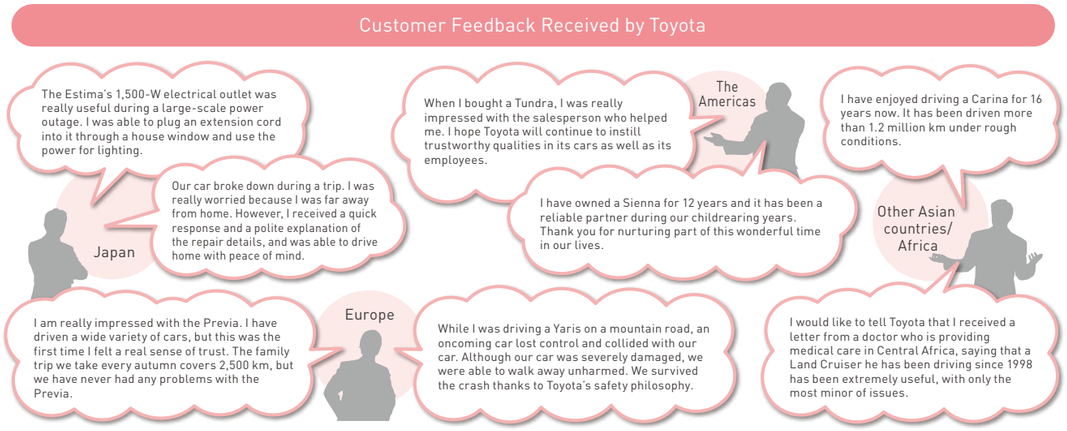
Exhibition held during Customer's Month

System for Implementing Customer Feedback



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.



Improved Quality Ratings by Third Parties

In the Vehicle Dependability Study (VDS), published in February 2013 by J.D. Power and Associates, a global organization specializing in surveys and consulting in customer satisfaction, Toyota cars won the first place in seven segments: Lexus ES 350, Lexus RX, Scion xB, Scion xD, Toyota Prius, Toyota Sienna, and Toyota RAV4. In the study, the Lexus RX had the fewest reported issues in the industry, which is the first time in the history of VDS that a crossover or SUV has achieved this accolade.

In the Initial Quality Study, which rates the initial quality of cars sold in North America, published by the company in June 2013, the Lexus ranked third by brand (first in 2012) and Toyota ranked sixth (eighth in 2012).

LEXUS RX

Overseas Initiatives

Sharing Toyota's Ultimate Sales Approach with Distributors and Dealers Worldwide

In October 2012, the 9th Global Knowledge Center (GKC) Champions Conference was held in Los Angeles, California. Distributors and major Toyota dealers from around the world attended the Conference and held deep discussions with Toyota executives, focused on the creation of lifetime customers and advocates by improving customer satisfaction levels toward further increasing customer loyalty.

Toyota's ultimate sales approach means strengthening the bond with customers. To ensure that customers have the best ownership experience, Toyota must constantly assess the needs of customers and surpass their expectations in both products and customer service. Repeating this cycle will enable Toyota to maintain outstanding customer relations over the long run.

All participants agreed to continue taking initiatives that will surpass customer expectations while building a foundation for continued growth based on this concept.

9th GKC Champions Conference

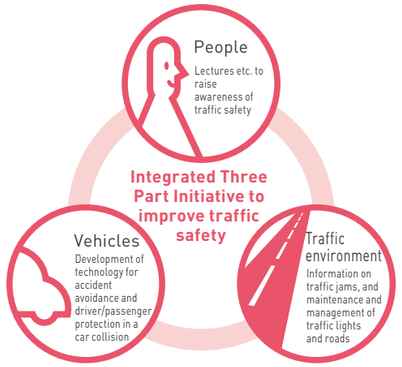
Initiatives for Improving Traffic Safety

Status of Traffic Accidents around the World and Toyota's Basic Philosophy Regarding Safety

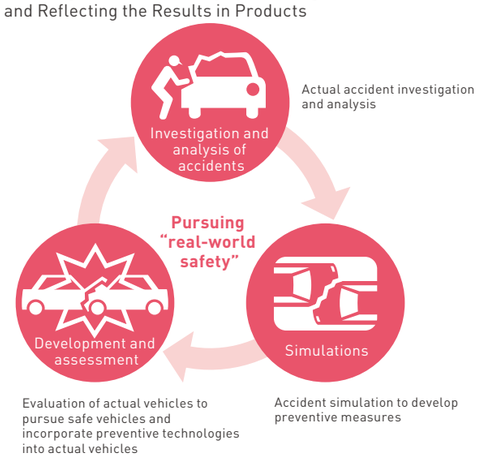
According to a World Health Organization (WHO) survey, 1.24 million people worldwide die in traffic accidents each year, making them the eighth leading cause of death. While the number of deaths due to traffic accidents has been decreasing slightly in Japan, North America and Europe, it has been steadily 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 steadily and are expected to become the fifth leading cause of death by 2030 unless countermeasures are implemented.

To achieve Toyota's ultimate goal of completely eliminating traffic casualties developing safe vehicles is of course important, but it is also essential to educate 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 for achieving the elimination of traffic casualties and is moving forward with developing such technologies.

Integrated Three Part Initiative involving People, Vehicles and the Traffic Environment



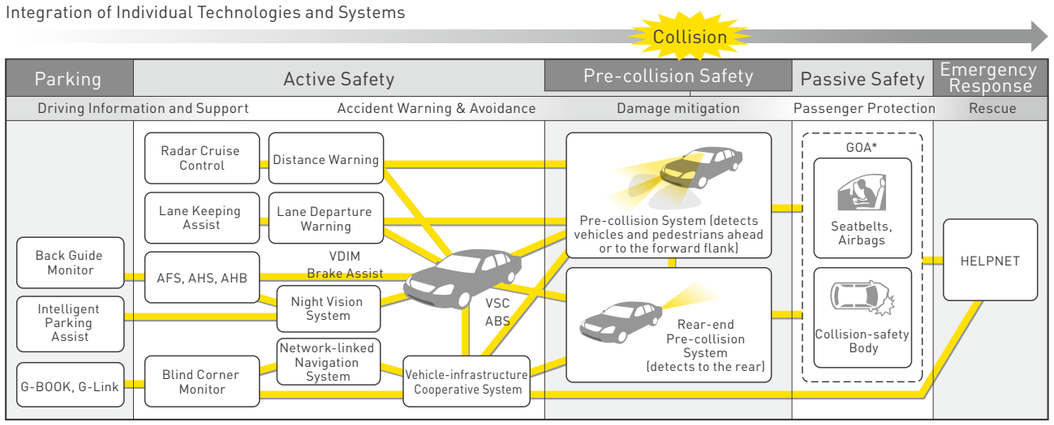
Pursuing Real-world Safety by Learning from Actual Accidents and Reflecting the Results in Products



Integrated Safety Management Concept

Toyota's approach is to improve the safety level through development of various safety systems that work together in a car rather than thinking of each separately. In the pursuit of optimum driving support, the scope of driver support is widened from the traditional focus on the moments immediately before and after an accident, to cover "every stage of the driving experience" from parking, to normal operation, the pre and post-crash time-frame, and post-accident rescue.

Integration of Individual Technologies and Systems

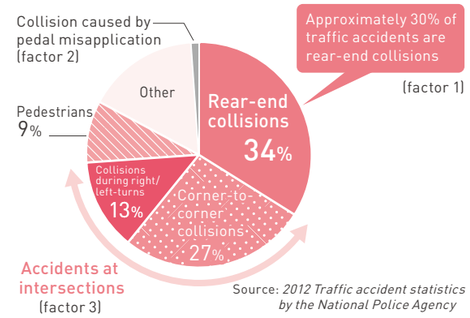


* Toyota's own safety assessment, which pursues the highest level of collision safety performance in the world; an original and stringent internal goal reflecting actual on-going automobile accidents on the roads

Issues Include Rear-end Collisions, Accidents at Intersections (Corner-to-corner Collisions, Collisions during Right/Left Turns) and Collisions Caused by Pedal Misapplication

In Japan, rear-end collisions account for approximately 30 percent of all accidents, followed by accidents at intersections, such as corner-to-corner collisions. More recently, accidents in parking lots caused by drivers, especially elderly drivers, who mistake the accelerator for the brake pedal have also become a major social issue. With the goal of creating vehicles that are safe for everyone, Toyota is developing safety technologies that help minimize damage even when accidents occur.

Breakdown of Accident Categories



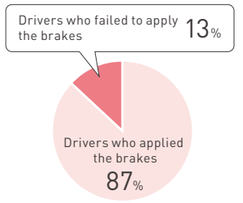
Source: *2012 Traffic accident statistics by the National Police Agency*

Initiatives to Help Prevent Rear-end Collisions (Factor 1)

Analyzing Actual Traffic Accidents to Develop Real-world Safety Measures and Technologies toward the Elimination of Traffic Casualties

To reduce the number of rear-end collisions requires technologies that help reduce damage or avoid the collision all together by enabling the driver to sense a potential collision and be prepared. Before such systems and technologies can be developed, it is necessary to investigate the actual conditions surrounding rear-end collisions. Based on the pursuit of real-world safety, Toyota has used a driving simulator to investigate driver behaviors during rear-end collisions. The results showed that approximately 90 percent of drivers were able to apply the brakes in time if warned prior to a potential rear-end collision. Based on this result, Toyota developed a system that addressed both those drivers who were able to apply the brakes and those who were not. This new system, which uses powerful brake assist and an automatic brake to help drivers avoid rear-end collisions, was developed by adding functional enhancements to the Pre-collision System.

Using a driving simulator, 113 drivers in their 20s through 60s were tested

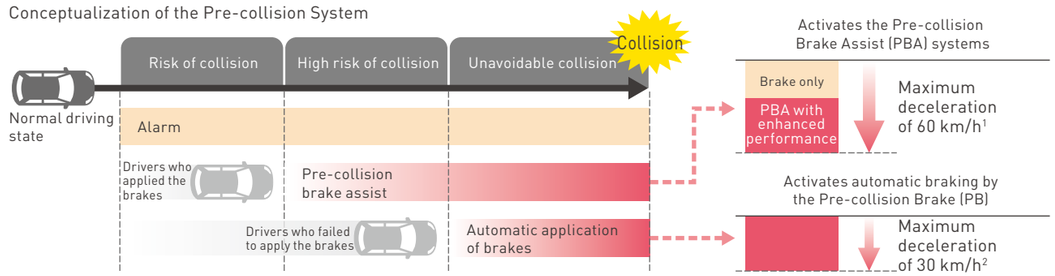


Pre-collision System Developed based on Toyota's Original Safety Philosophy

Working with test results showing that approximately 90 percent of drivers were able to apply the brakes in time, Toyota is pursing real-world safety. Toyota's Pre-collision System (PCS), based on the belief that the driver must be fully engaged, assists drivers who are able to apply the brakes upon hearing an alarm by greatly increasing the braking force in the collision-avoidance maneuver, but also uses an automatic brake to avoid the collision if the driver fails to apply the brakes. If there is a risk of a rear-end collision with the preceding car, the newly developed millimeter wave radar quickly detects the risk and warns the driver with both a buzzer and display, prompting the driver to apply the brakes.

When the driver applies the brakes, the PCS enables deceleration of up to 60 km/h by greatly increasing the braking force. If the driver fails to apply the brakes, PCS activates the automatic brake to help avoid a rear-end collision by automatically decelerating the vehicle at a rate of up to 30 km/h. Toyota believes that deceleration of 60 km/h will help prevent at least 90 percent of rear-end collisions. In addition to these safety technologies that assist drivers, Toyota is also developing technologies for a PCS with pedestrian detection and collision avoidance support functions.

Conceptualization of the Pre-collision System



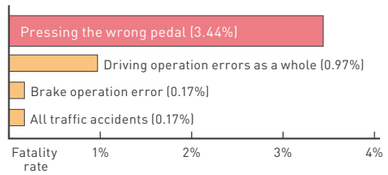
1 When the driver's car is traveling at 80 km/h and the preceding car is traveling at 20 km/h, PBA enables deceleration of up to 60 km/h
2 When the driver's car is traveling at 50 km/h and the preceding car is traveling at 20 km/h, PB enables deceleration of approximately 30 km/h if the brakes are not applied
(Note: full capabilities may not be possible in certain road environments or under certain weather conditions)

Initiatives to Help Prevent Collisions Caused by Pedal Misapplication (Factor 2)

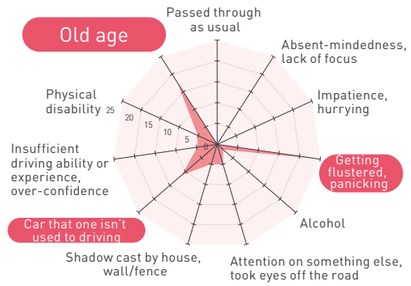
Characteristics of Collisions in Parking Lots Caused by Driver Error

Each year, the approximately 7,000 collisions (in Japan) caused by pedal misapplication result in a higher death rate than collisions caused by other driver errors. In most cases, these collisions are caused by elderly drivers, panicked drivers, or drivers operating unfamiliar vehicles. Because it is difficult for the driver to take a corrective step once pedal misapplication has occurred, it is important for the vehicle itself to provide assistance. Toyota is developing a system that will help reduce both collision impact and damage even if the vehicle suddenly starts off due to driver error.

Driver Fatality Rates



Causes of Pedal Misapplication



Source: *ITARDA INFORMATION No. 86*

Detection of Obstacles Ahead or Behind

Intelligent Clearance Sonar

This system helps reduce the impact and damage caused by collision with an obstacle, when the driver presses the wrong pedal or excessively steps on the accelerator pedal. When the clearance sonar detects an obstacle the vehicle is at risk of colliding with, such as a wall, when starting off in a parking garage or other similar environment, the system warns the driver with a buzzer and display, reduces engine or motor output depending on the situation and automatically applies the brakes.

When Vehicle Approaches an Obstacle with the Accelerator in the ON State when Starting Off

1. Reduces engine output
2. Applies the brakes

Warns the driver with a buzzer and display while reducing engine output

Automatically applies the brakes

Limits Sudden Starts Due to Erroneous Gear Stick Shifting

Drive-start Control

This system prevents sudden starts caused by erroneous shifting of the vehicle's shift lever when the accelerator pedal is applied. If other abnormal gear shifting is detected, a warning is displayed and engine or motor output is reduced to limit sudden starts or acceleration.

Reduces the Engine Output and Warns the Driver in the Scenarios Below

1. Collision during backing ▶ 2. The driver shifts from R to D while erroneously stepping hurriedly on the accelerator pedal instead of the brake pedal. ▶ 3. Without control: Sudden starts or acceleration / With control: Limits sudden starts or acceleration

Also handles shift lever changes from D to R, from N to R, from P to D, and from P to R.

Focus

The Corolla, Pursuing the Highest Safety Performance Level within Its Class, Receives Five-star Rating from JNCAP

In the FY2012 Japan New Car Assessment Program (JNCAP)[1], the Corolla Fielder and Corolla Axio received the maximum five-star rating for achieving the highest level of safety[2]. These models employ impact-absorbing bodies and high-strength passenger cabins in compact body sizes. In addition, a high passenger safety performance is realized for both front and rear seats by featuring six SRS airbags including side and curtain shield airbags, 3-point seatbelt with pretensioner and force limiters (front seat and left/right sides of rear seats) as standard equipment[3]. Furthermore, features such as the newest pedestrian-injury-lessening vehicle body structures received high ratings, helping the Corolla Fielder and Corolla Axio to become the first models to receive a five-star rating in the compact vehicle class (with displacement of 1,500 cc or less), confirming their safety performance level as the highest within their class.

Head Protection
1. Impact-absorbing hood structure
2. Impact-absorbing cowl structure
3. Impact-absorbing fender structure

Leg Protection
4. Impact-absorbing bumper structure

1 A program that publishes vehicle safety information, started 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.

2 JNCAP certification received for the 1.5G Corolla Fielder

3 Excludes the "Business Package"

Initiatives to Help Prevent Accidents at Intersections (Corner-to-Corner Collisions and Collisions during Right/Left Turns) (Factor 3)

Reducing the Number of Traffic Accidents by Utilizing Intelligent Transport System (ITS) Technologies

Traffic accident statistics show that accidents at intersections (corner-to-corner collisions and collisions during right/left turns) rank second following rear-end collisions. Because corner-to-corner collisions at intersections with poor visibility are difficult to prevent with safety equipment installed in cars alone, it is hoped that ITS technologies will help reduce this type of accident.

Reducing the Number of Accidents at Intersections

Vehicle-infrastructure Cooperative Systems that Support Safe Driving

Vehicle-infrastructure cooperative systems that support safe driving aim to reduce the number of traffic accidents by notifying drivers of non-visible information and traffic signal information through the continuous exchange of road-to-vehicle, vehicle-to-vehicle and pedestrian-to-vehicle information.

For example, even at an intersection with poor visibility where oncoming vehicles cannot be seen, direct communication between vehicles enables drivers to obtain information about the other vehicle. Alerting the driver of each vehicle to an approaching oncoming vehicle promotes safe driving. In addition to developing the technologies needed, Toyota is taking various steps toward the commercialization of vehicle-infrastructure cooperative systems that support safe driving in collaboration with the government, including building the basic infrastructure, such as standardizing the communication method, and conducting public-road verification tests.

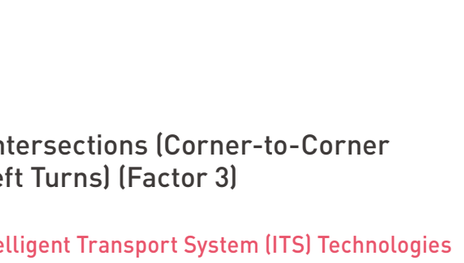
Vehicle-to-Vehicle Communication System (support for detecting objects around the vehicle)

Road-to-Vehicle Communication System (system to help prevent collisions during right turns)

Repeated Testing and Evaluation Toward the Early Practical Adoption of Traffic Accident Prevention Measures

Newly Built ITS Proving Ground Largest in Japan

In order to repeatedly conduct ITS testing and evaluation, that can be difficult to perform on public roads with changing road environments Toyota built a new test site, the ITS Proving Ground, in April 2012. Urban intersections found in Japan were faithfully replicated at the 3.5 hectare site inside the Higashi-Fuji Technical Center, and infrared beacons, 760-MHz communication equipment, and vehicle/pedestrian detection sensors were installed. With the start of full-scale operations at the ITS Proving Ground, Toyota will accelerate its research and development of safe driving support systems that seek to prevent accidents involving pedestrians and other vehicles in urban areas and at intersections.



ITS Proving Ground inside the Higashi-Fuji Technical Center

Initiatives Targeting People (Example of Traffic Safety Education Activities)

* For further information on Toyota's social contribution activities, please see p.53.

Social Contribution Activities

Safe-driving Programs and Traffic Safety Classes at "mobilitas"

The Toyota Safety Education Center "mobilitas" holds a safe driving program called Toyota Driver Communication, targeting the general public, corporations, and other organizations. Participants learn how to use safety equipment and safely experience how vehicles behave when driven beyond their limits. "mobilitas" also holds hands-on traffic safety events together with local governments, corporations, and dealers. Participants engage in various activities that raise their level of safety awareness, such as the simulated experience of walking under the influence of alcohol and the benefits of using reflective materials.

Toyota Driver Communication
Cumulative total number of participants: 63,770

"mobilitas" (within the Fuji International Speedway), where participants can experience dangerous driving in a safe environment on a vast flat course as large as 14 soccer fields

Environmental Initiatives

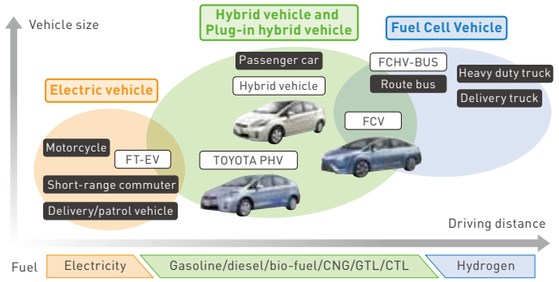
In Pursuit of the Ultimate Eco-car

Among its initiatives to make sustainable mobility a reality so that people can coexist in harmony with the environment, Toyota has been concentrating its efforts on developing the ultimate eco-car. Because fossil fuels are finite, energy diversification is essential. At Toyota, we will continue to develop various vehicles, along with our emphasis of conventional vehicles and hybrid vehicles as fundamental core technology while pursuing further advancement. Based on these core technologies, Toyota will develop next-generation vehicles utilizing alternative fuels such as gas fuel, electricity and hydrogen.

Using Various Types of Next-generation Eco-cars According to Benefits, Customer Needs, and Usage Mode

As alternatives to petroleum, gas, electricity, and hydrogen will be produced from primary energy sources, including petroleum and sunlight, to drive EVs, PHVs and FCVs. Toyota believes that these next-generation eco-cars will be increasingly utilized in the future for specific applications depending on customer needs and usage mode. Therefore, Toyota is taking a comprehensive approach to developing EVs, PHVs, and FCVs using hybrid technologies as the core.

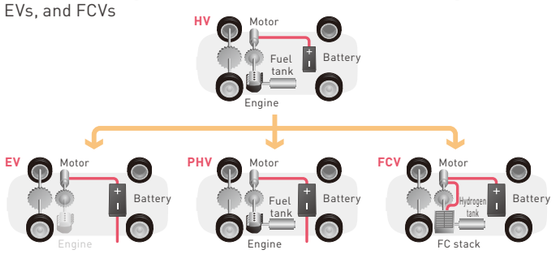
Next-generation Mobility Zones



Hybrid Technologies as the Powertrain Core

Cars are likely to continue using petroleum as their main fuel for the time being, but will eventually diversify into using alternative energy sources such as electricity, hydrogen, and biofuels. In the process leading to the ultimate eco-car, having the "right vehicle, for the right place, at the right time" is essential. Therefore, Toyota is positioning hybrid technologies that employ core technologies for components such as the motor, power control unit, and battery as the technologies of the future as it proceeds with the development of future eco-cars.

Hybrid Technologies that Include the Elemental Technologies for PHVs, EVs, and FCVs



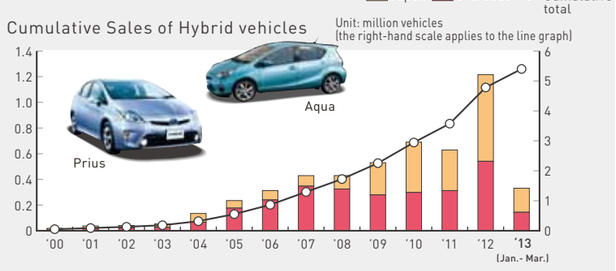
Focus

Worldwide Cumulative Sales of Hybrid Vehicles Top Five Million Units

As of the end of March 2013, Toyota was marketing 20 models (of which one was a plug-in hybrid) in 80 countries and regions, and had sold a cumulative total of 5.125 million vehicles as of the end of March.

The cumulative CO_2 emissions reduction effect of hybrid vehicles in FY2012 was
34.10 million tons.

Cumulative Sales of Hybrid vehicles



TOPICS

Fuel Cell Vehicle (FCV), the Nearest Thing yet to an Ultimate Eco-car, Nears Mass Production

Since FCVs use hydrogen as fuel and emit no air-polluting CO_2, they can be considered very close to the ultimate eco-car. Toyota is moving forward with plans to begin mass production of FCVs in 2015. To ensure an adequate supply infrastructure, Toyota is also establishing hydrogen-charging stations in major metropolitan areas.

An FCV uses electricity generated by its fuel cells to drive the motor. A fuel cell is an electricity-generating device that converts into electricity the energy generated during the conversion of hydrogen and oxygen into water. FCVs have high generation efficiency and emit no CO_2 or other polluting gases. In an FCV, hydrogen is stored in a high-pressure tank and used as the fuel. While an electric vehicle (EV) has a cruising range of between 100 and 200 km and takes 20 to 30 minutes to fully charge, an FCV can be driven for more than 500 km and charges in only 3 minutes.

FCV with Improved Performance Nears Commercial Launch

Toyota began selling its first fuel cell hybrid vehicles (FCHVs) on a limited basis in 2002. In 2005, Toyota acquired Japan's first vehicle type certification for its FCHV and leased a total of 20 vehicles in Japan and the U.S. In 2008, Toyota commercialized its improved FCHV-adv and leased more than 100 units. In this improved model, the maximum pressure for the hydrogen storage tank was increased from 35 MPa to 70 MPa, thus extending the cruising range on a full charge to more than 800 km. So far, Toyota FCHVs have traveled a total distance exceeding two million kilometers in Japan, the U.S., and Europe. Toyota's FCV is based on a hybrid system that combines fuel cell technology with a battery that assists with quick acceleration and stores the energy recovered during braking, thereby improving the vehicle's fuel efficiency.

The Toyota FCV, the nearest thing yet to an ultimate eco-car, is almost here and nearing commercial launch with improved performance.

FCHV-BUS in use in the shuttle service between central Tokyo and the Haneda Airport

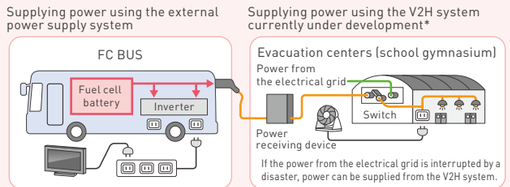
Comments From FCHV users (drivers who participated in field testing the bus)

- Excellent acceleration at start-up and hill-climbing performance, easy to handle, and very smooth driving performance.
- Driving this bus is not tiring because it runs quietly with little vibration.
- This bus runs so quietly that pedestrians and bicyclists don't notice its approach easily. It would be great if the bus were equipped with a quiet horn to warn pedestrians.
- Inspection takes much less time because there is no need to replenish oils and fluids.

Development of an External Power Supply System for Toyota's Fuel Cell Bus

Toyota has developed an external power supply system that enables the fuel cell bus (FC Bus) to supply the electricity it generates to power home appliances. Since a fuel cell vehicle converts hydrogen into electrical energy, it can generate electricity without emitting any CO_2. It is possible to install two electrical outlets capable of outputting AC power (100 V and 1.5 kW) inside the bus to supply a maximum of 3 kW of power for 100 hours or more. Toyota is also in the process of developing a system that will supply this electricity through the electrical wiring of buildings, with the goal of continuously supplying a maximum of 9.8 kW for around 50 hours.

The FC BUS External Power Supply System and the Concept of using the V2H (Vehicle to Home) System to Supply Power



* As part of the Smart Melit: Smart Mobility & Energy Life in Toyota City project verification tests are planned from FY2013 to FY2014.

Toyota and BMW Group Sign Agreement to Collaborate in Developing FC System

In January 2013, Toyota concluded an agreement with the BMW Group on joint development of a fuel cell system. The agreement calls for the two companies to bring together their technologies to develop a fuel cell stack system, as well as other basic system components such as the hydrogen tank, motor, and battery, by 2020. Toyota and the BMW Group will also cooperate on drawing up specifications and standards related to the establishment of the infrastructures necessary for promoting the widespread use of FCVs.

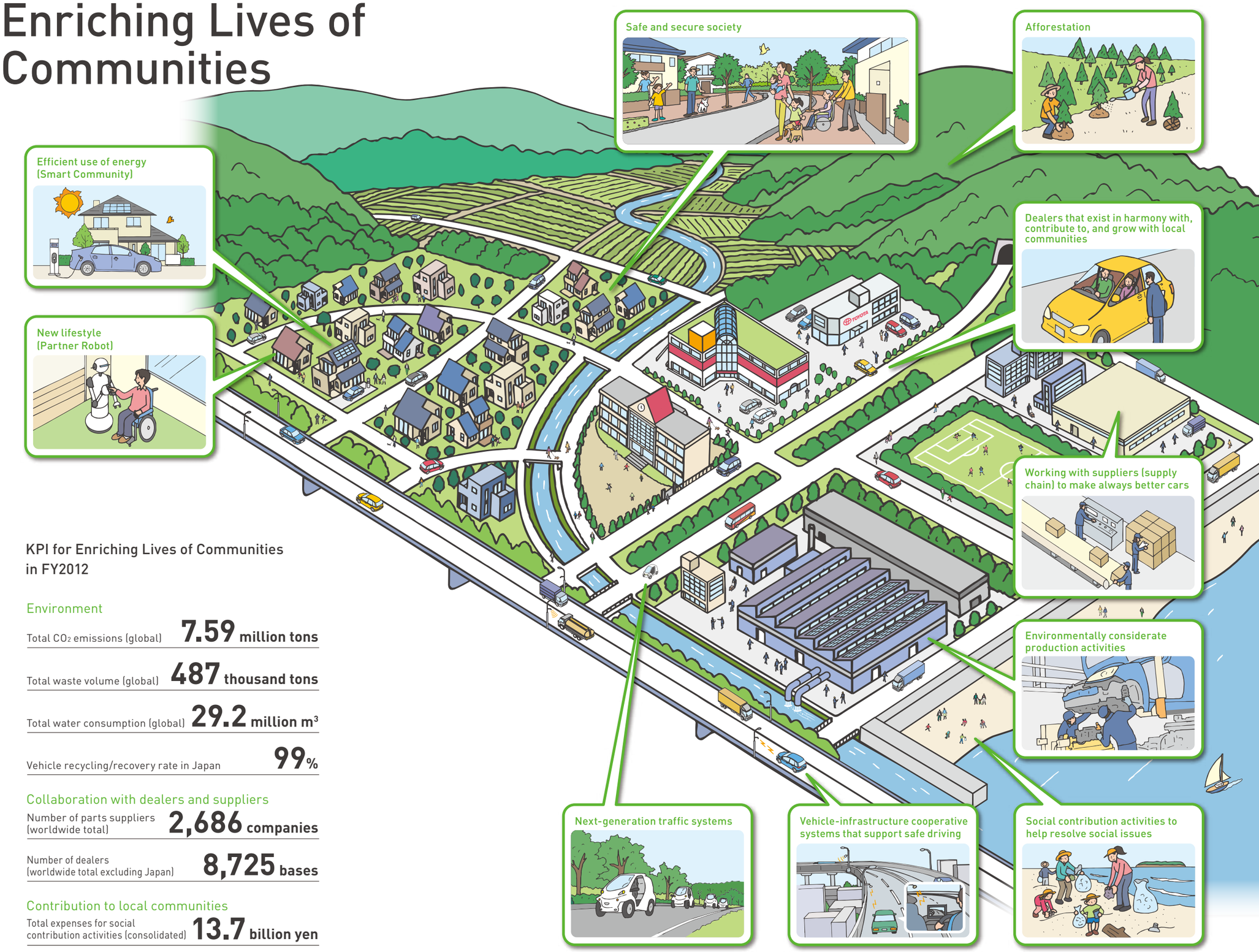
Enriching Lives of Communities

Realizing new mobility societies and enriched local communities

In the modern world, so many issues, including energy shortage, resource shortage, global warming, loss of biodiversity, food and water shortages, poverty, discrimination, unemployment, and aging populations, are prevalent and continue to spread globally.

Against this backdrop, corporations must work to help solve these issues as members of the regions where they operate.

In its Global Vision, Toyota articulates its intention to contribute to "enriching lives of communities." Toyota hopes to continue working with people in local communities to achieve this goal. Toyota's efforts will include improving product performance, making cars that are environmentally considerate throughout their entire lifecycle, creating a comfortable next-generation society together with local stakeholders by utilizing the technologies Toyota currently possesses in other fields, and enriching lives of communities through social contribution activities.



KPI for Enriching Lives of Communities in FY2012

Environment

Total CO_2 emissions (global) **7.59 million tons**

Total waste volume (global) **487 thousand tons**

Total water consumption (global) **29.2 million m^3**

Vehicle recycling/recovery rate in Japan **99%**

Collaboration with dealers and suppliers

Number of parts suppliers (worldwide total) **2,686 companies**

Number of dealers (worldwide total excluding Japan) **8,725 bases**

Contribution to local communities

Total expenses for social contribution activities (consolidated) **13.7 billion yen**

Special Feature | Report from Tohoku on the "Enriching Lives of Communities" Initiative
Toyota Global Vision – Enriching Lives of Communities

Special Feature

Report from Tohoku on the "Enriching Lives of Communities" Initiative

New Collaboration between Tohoku, Toyota's Third Manufacturing Hub in Japan, and Local Communities

Through its initiative to enrich lives of communities, Toyota hopes to contribute to creating Japan's future through *monozukuri* (manufacturing), developing people, and developing regions. Toyota is starting this initiative in Tohoku, a key production base for its compact cars, helping the region rebuild itself into a new community.

To promote *monozukuri* at one with the region, Toyota Motor East Japan, Inc. was established in July 2012 with Tohoku as its base for making the most competitive and attractive compact cars in the world. In its effort to develop people, Toyota founded the Toyota East Japan Technical Skills Academy in April 2013 to develop human resources that will form the core of *monozukuri*. Furthermore, to contribute to regional development, Toyota established the F-Grid Concept to build infrastructures that would support *monozukuri* and people development, as well as a new project to foster collaboration between agriculture, commerce, and industry.

In this way, the entire Toyota Group continues to work on helping restore Tohoku through *monozukuri*, developing people, and developing regions.

Automotive Business | Social Contribution | New Businesses

Monozukuri

- *Monozukuri* at one with the region (Toyota Motor East Japan, Inc.)
- Cultivating a secure, safe, domestic supply of fresh vegetables (paprika) (business collaboration between agriculture, commerce, and industry)

Developing people

- *Monozukuri* in Tohoku Human resource development (Toyota East Japan Technical Skills Academy)

Developing the region

- Building of competitive industrial infrastructures that are low-carbon (F-Grid*)
- Disaster prevention and recovery support functions during emergencies

*The 'F' in F-Grid stands for 'factory.'

Characteristics of the F-Grid, a Regional Cooperation Model Centered on Factories

Producing most of the needed energy locally

The energy produced inside the industrial park is also supplied to participating factories inside the park, reducing energy consumption by 23 percent and environmental impact (CO_2 emissions reduction) by 29 percent compared to industrial parks of a similar size.

Storing and using the generated energy

The energy produced inside the industrial park is stored in a battery system made with batteries from end-of-life hybrid vehicles and used to charge PHVs inside factories.

Using energy wisely

The individual factories' power usage is centrally managed, making it possible to optimize power supply and achieve stable and efficient energy use.

Collaboration with local communities during emergencies to provide safety and security

During emergencies, power will be supplied, for example, to the Ohira Village Office, which would act as a disaster recovery center, while the factories become the hub for distributing relief goods.

Monozukuri (Manufacturing): Automotive Business

Taking Advantage of Tohoku's Unique Strength in *Monozukuri* and Working with Local *Monozukuri* Industries to Improve Competitiveness

Resilient production structures, high levels of technology achieved in cooperation with suppliers, and *monozukuri* with high value addition represented by hybrid vehicle development were all born in Japan. Capitalizing on these strengths and refining Japan's *monozukuri* can improve Japan's global competitiveness. As Toyota's third manufacturing hub in Japan, Tohoku plays an important role toward this goal. Toyota Motor East Japan, Inc. (TMEJ) was established in July 2012 by merging together Kanto Auto Works, Ltd., Central Motor Co., Ltd., and Toyota Motor Tohoku Corporation with the mission of "Using Tohoku as the base for making the most competitive and attractive compact cars in the world." The company hopes to contribute to local employment and the promotion of related industries by working with local *monozukuri* industries to build Tohoku into a major car manufacturing location.

Ceremony to Reaffirm Commitment to Tohoku Region Revitalization held in April 2013


The Aqua hybrid, symbolic of the innate strength of people in the Tohoku region, achieved the highest sales in Japan in FY2012 (283,000 units)


An integrated production system was established with the operation start of the engine plant, Toyota Group's first such plant in Tohoku

Monozukuri: New Businesses

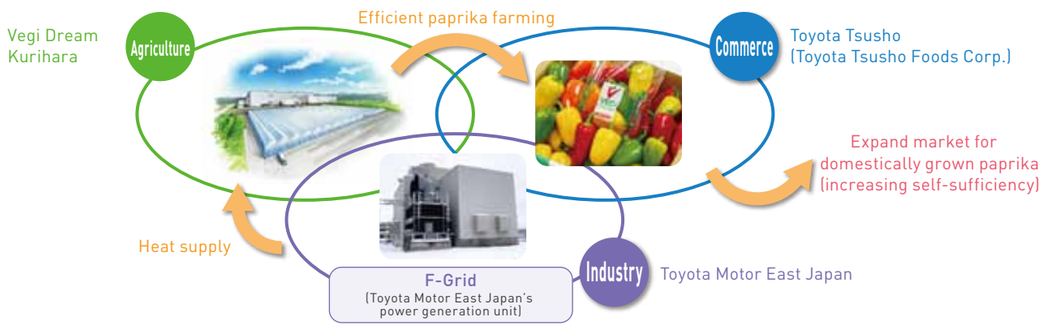
New Agriculture-Commerce-Industry Collaboration Project Starts with Goal of Increasing Self-sufficiency in Japan

In July of this year, TMEJ and Toyota Tsusho jointly established Vegi Dream Kurihara Corporation's third paprika growing facility on approximately three hectares of land adjacent to the Miyagi-Ohira Plant of TMEJ Head Office and began full-scale cultivation of paprika. Paprika was chosen because 90 percent of paprika consumed in Japan is imported. The plant grows 10 different colors of paprika in a greenhouse with reduced use of agricultural chemicals and expects production of around 315 tons/year.

Furthermore, the heat for the greenhouse is supplied from the F-Grid and water is supplied from a rainwater tank, enabling an ultra energy-saving and competitive farming operation. Vegi Dream Kurihara's goal is to establish a new model of collaboration between agriculture, commerce, and industry to expand the market for fresh, domestically grown agricultural products through a safe, secure supply, thus increasing Japan's self-sufficiency.


Vegi Dream Kurihara's third paprika growing facility

Competitive Paprika Farming with the Heat to the Greenhouse Supplied by the Plant



Developing People

Toyota East Japan Technical Skills Academy, Designed to Support *Monozukuri* (Manufacturing) in Tohoku and Develop the People Who Will Create its Future, Opens Its Doors in April

Toyota established the Toyota East Japan Technical Skills Academy, an intra-corporate training school inside the site of the Miyagi Ohira Plant of the Toyota Motor East Japan Head Office, to develop people and support regional revitalization through *monozukuri* at one with the region from a medium- to long-term perspective. Based on Toyota's philosophy of "*monozukuri* is about developing people," the Academy's work to develop people targets young leaders who will carry Tohoku's *monozukuri* heritage into the future under an integrated three-part initiative*.

* Consists of three main activities: "human resource development," "environmental and energy management" and "coordination with local communities"

System for Developing People Who Will Help Build Tohoku's Future through Technical Education Based on the Concept of *Genchi Genbutsu* (On-site Hands-on Experience)

The Academy opened its doors on April 1, 2013, selecting its students from applicants who were new graduates of technical high schools in the six prefectures in Tohoku. The Academy also accepts employees of local companies. A total of 20 students enrolled in the inaugural class, including five employees from local companies.

Technical education at the Academy is characterized by a focus on learning basics and fundamentals through the concept of *genchi genbutsu*. With the goal of learning from *monozukuri* in Tohoku, the Academy's educational program is designed to help students learn from the Tohoku people's attitude of using things wisely and the *monozukuri* spirit from the old days of Japan through *genchi genbutsu*. For example, it incorporates *Wakayanagi Jiori*, a traditional cotton cloth-weaving craft with deep roots in Tohoku.


Toyota East Japan Technical Skills Academy


Practical training for basic technical skills at the Toyota East Japan Technical Skills Academy


Students learning about *monozukuri* in Tohoku
Production of *Wakayanagi Jiori* at Chiba, Ko Wear Co.
(Toyoda Type-Y automatic loom)

Comments From a student from the inaugural class who had spent a year at the Specialized Skills Department of the Toyota Technical Skills Academy in Aichi Prefecture before the opening of the Toyota East Japan Technical Skills Academy

To all the staff members of the Toyota Technical Skills Academy, thank you very much for teaching me so much over the past year. I learned the Toyota teamwork spirit, which encourages everyone to work together to achieve a unified goal utilizing our skills knowledge, minds and bodies. Thanks to the healthy lifestyle habits I learned at the Academy, I was able to attend all my classes without missing even a single day. I hope to help with regional development and the restoration of Tohoku through *monozukuri* in the future.

Masaki Ishigaki Student of the Toyota East Japan Technical Skills Academy inaugural class

Supporting Development of People Who Will Contribute to *Monozukuri* in the Region

Yui Gallery


The Yui Gallery, opened inside the Academy, allows students to come into direct contact with state-of-the-art car technologies, environmental and energy technologies, and the joy of *monozukuri*.

Summertime parent-child workshops


As part of its initiative to contribute in whatever way it can as a car company, the Academy holds summertime parent-child workshops to help nurture the future leaders of the 21st century.

Short courses for local companies


The Academy opens its doors to classes on *monozukuri* to people working at local companies and holds short-term (5-day) and medium-term (8-week) seminars designed especially for them.

Developing the Region

Starting in Tohoku to Build Disaster-Resistant Communities Where Regions and Factories Provide Mutual Energy Support

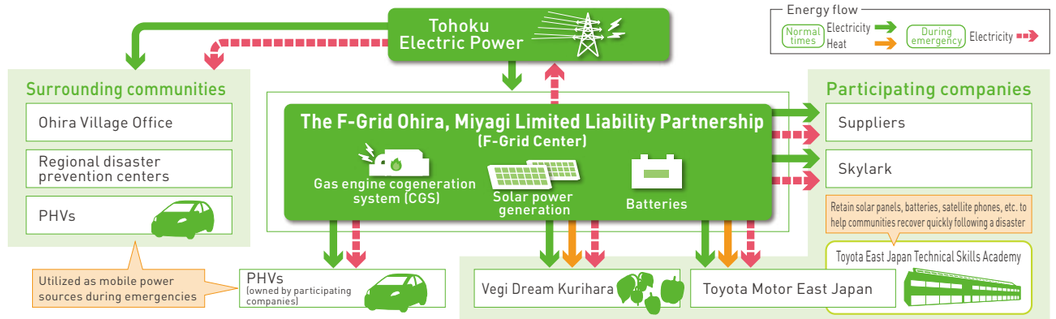
Toward the realization of a leading factory in town by creating a smart community with competitive and low-carbon infrastructures, full-scale operation of the F-Grid commenced in April 2013. The F-Grid structure comprehensively manages the energy inside an industrial park where factories are located. The F-Grid Center stores or distributes in an optimum balance the electricity and heat generated by a large-scale gas engine and solar panels to nearby companies participating in the F-Grid. Furthermore, during emergencies, the F-Grid Center will perform disaster prevention and recovery functions and supply the generated power to surrounding communities via Tohoku Electric Power. Toyota will also utilize the Toyota East Japan Technical Skills Academy as an energy-independent disaster information dissemination center to help surrounding communities recover quickly.

Comments From the Ohira Village mayor

Ohira Village is moving forward with conversion into a "smart community" that utilizes its regional energy efficiently. Using the F-Grid centered around the Miyagi-Ohira Plant of the Toyota Motor East Japan Head Office as its main hub, the village and the industrial park are working together to build a disaster-resistant and environmentally considerate community that is safe and secure, and promoting communication between local residents and Toyota employees.

Masahiro Atobe
Mayor of Ohira Village, Miyagi Prefecture

F-Grid Showing the Way to Create Next-generation *Monozukuri* and Regional Development



Social Contribution

Toyota Group's Social Contribution Initiatives Receive the 2012 Mécénat Award for Supporting Hearts

Toyota received the 2012 Mécénat Award for Supporting Hearts from the Association for Corporate Support of the Arts, Japan for the restoration efforts it carried out under its Kokoro Hakobu Project* (recovery and revitalization support activities through art and cultural events). This award in the Mécénat Grand Prize category recognized Toyota's continuous and long-term recovery and revitalization support activities with "*kokoro* (heart)."

* The general name for the disaster area support activities Toyota launched in June 2011 based on the idea of bringing more than temporary allocations of human resources and material resources to the recovery effort

Major activities
- Activities involving culture and arts
  - "Minami-sanrikucho Future in a Song" Project, in which volunteers wrote songs with elementary school students in Minamisanriku-cho and sang them at memorial services
  - Concerts by Toyota Master Players, Wien in Sendai and Morioka
  - Toyota Community Concerts and visiting concerts in disaster-stricken areas by amateur orchestras
  - Scientific Jack-in-the-Box! The Why/What Lecture, etc.
- Relief supplies
- Monetary donation, contribution, etc.

2012 Mécénat Award Ceremony

For further information on Toyota's social contribution activities, please see pp 52-55.

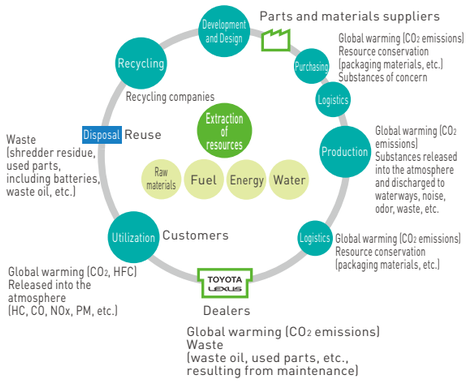
Environmental Initiatives

Environmental Philosophy, Policies and the Toyota Environmental Action Plan

The Fifth Toyota Environmental Action Plan (FY2011-FY2015)

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 new 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 2020 between 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.

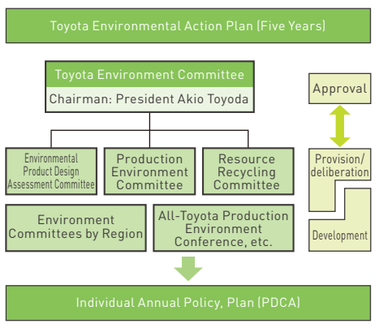
Toyota's philosophy and policies on the environment are based on the Guiding Principles at Toyota, which were established in 1992 and revised in 1997. Policies for environmental initiatives were formulated as the Toyota Earth Charter in 1992 and then revised in 2000. This Charter is shared among 562 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 the FY2015. 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.



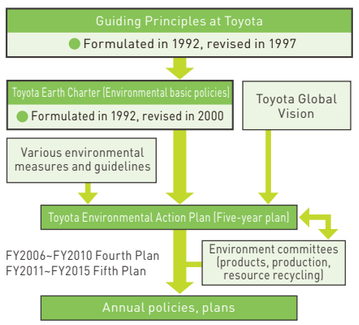
Implementation Structure

The "Environmental Product Design Assessment Committee," "Production Environment Committee" and the "Resource Recycling Committee" were established under the Toyota Environment Committee, which is chaired by the president, to investigate issues and develop response policies in their respective areas of responsibility. Each committee collaborates with all relevant divisions to promote company-wide action.

Organization Framework (As of June 30, 2013)



Toyota Environmental Action Plan System



Promotion of Global Environmental Management

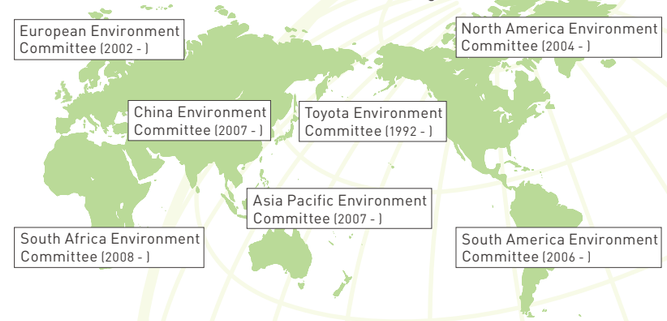
As Toyota's business expands on a global scale, a consolidated environmental management system (consolidated EMS) was introduced to promote environmental action in concert with consolidated subsidiaries. Toyota presents its environmental policies and guidelines to all companies subject to consolidated EMS, and requests that all companies adopt and implement five-year environmental action plans, create environmental management systems and undertake environmental activities at the highest levels in their each country or region. Toyota also supports environmental management by affiliates through the sharing of best practices and exchanges of information to mutually strengthen relationships.

Percentage of Companies Subject to Consolidated EMS Worldwide

Percentages of vehicles produced and sold by companies subject to consolidated EMS worldwide

Production area: 99%, Sales area: 90%

Promotion Structure for Global Environmental Management



Social Contribution Activities

Toyota Environmental Activities Grant Program: Environmental Conservation Activities in Kenya

The Toyota Environmental Activities Grant Program assisted the NPO Commuting Road Empowerment with the Cherangaini Hills Grassroots Reforestation Project to help local farmers restore the forest in the Cherangani Hills, one of the five most important water sources in Kenya. This project trains groups of farmers in the western Kenyan hills in tree seedling production in order to restore a natural forest that is a critical water source. The project also helps local farmers learn a terracing technique that uses *Do-nou* technology (Japanese term for soilbag), making it possible to prevent farmland destruction and topsoil erosion while enabling farmers to carry out stable farming in harmony with the environment.

Roads that used to turn muddy during the rainy season were repaired with *Do-nou* technology, ensuring year-round passage and allowing farmers to stably carry their harvest and seedlings to market.

Encouraged by this project, farmers who used to grow tree seedlings on only a small scale got together to form groups, expanding their organizations. In the future, a system capable of stably selling 100,000 seedlings a year will be built, with the goal of achieving independent organizational management.

Commuting Road Empowerment also plans to initiate other activities, such as reducing environmental impact on the mountain range by helping local farmers become self-sufficient in terms of firewood and livestock feed, and preserving the water catchment area by planting trees.


Road that used to turn muddy during the rainy season


Road that has been repaired using *Do-nou* technology


Tree seedling production by the Sambalat Group (in a lowland area)


Training in terracing technique


Seedling bed made with locally available materials


Meeting to form an association, voluntarily held by farmer groups

Assistance Provided to Date

Country/region of implementation	Asia (excluding Japan), Pacific	The Americas	Africa	Europe	Japan	Other	Total
FY2012	8	1	0	0	10	0	19
Cumulative total*	77	19	22	7	107	1	233

*FY2000-FY2012

Contribution to a Low-carbon Society

As both global energy consumption and CO_2 emissions, one of the causes of global warming, continue to increase, there is an increasing level of concern about climate change and the serious impact on human living environments and on ecosystems.

Toyota positions taking action to reduce further global warming as a top priority management issue, and is working to reduce CO_2 emissions by decreasing energy consumption at all stages of the vehicle lifecycle, including development, design, production, logistics, and sales, as well as in all of Toyota's business areas.

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_2 emissions through development and introduction of innovative low CO_2-emitting production technologies, and daily improvement activities (pursue productivity improvement, promotion of improvement activities including at offices)
- Utilize renewable energies considering characteristics of each country and/or region
- Management of GHG emissions from sources other than energy sources

Logistics

- Promote CO_2 reduction activities by further improving transport efficiency

Sales

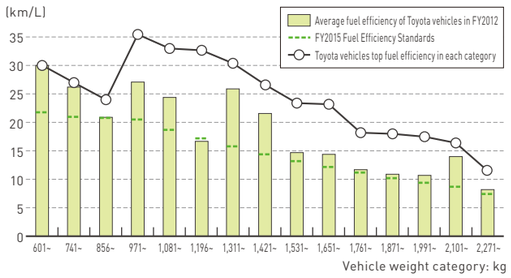
- Conform to the Energy Savings Act and reduce per-unit energy at the annual rate of 1%

Development and Design

FY2015 Fuel Efficiency Standards Cleared by 14 out of 15 Vehicle Weight Categories

- In FY2012, new vehicles and fully redesigned models of seven vehicle series met the FY2015 fuel efficiency standards
- Of the vehicles manufactured by Toyota in FY2012, 86% achieved the standards for gasoline-powered passenger vehicles

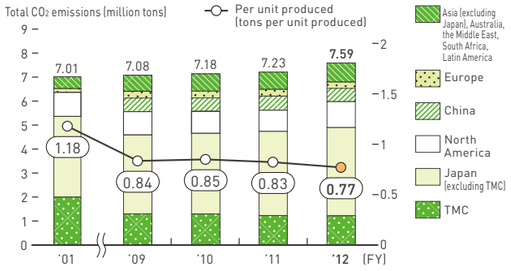
Achievement of Fuel Efficiency Standards and Actual Fuel Efficiency of Toyota Vehicles in FY2012



Production and Logistics

Reduction of CO_2 Emissions

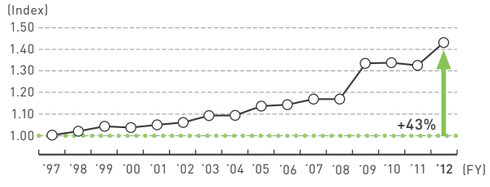
Global CO_2 Emissions (from Energy Sources) and CO_2 Emissions per Unit Produced (Stationary Sources such as Plants and Offices)



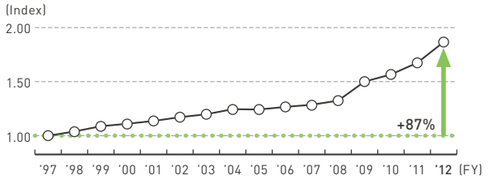
119 companies (TMC, consolidated subsidiaries and other companies in Japan and overseas)
Note 1: Companies for which FY2001 emissions volumes could not be determined, the oldest subsequent data is used
Note 2: The CO_2 conversion index was calculated based on the Greenhouse Gas (GHG) Protocol For further information on the CO_2 conversion index, please visit the webpage below: http://www.toyota-global.com/sustainability/environmental_resp/onsibility/data/index.html (information scheduled to be posted in October)
Note 3: Data for FY2011 was revised due to calculation errors at some companies

Increase in Average Fuel Efficiency

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



Average Fuel Efficiency of Toyota Vehicles in Japan

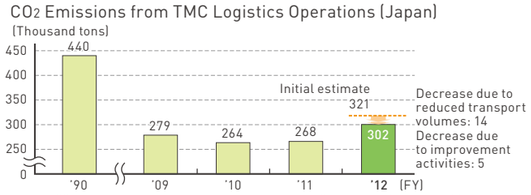


Production and Logistics

CO_2 Emissions Reduction Goal Achieved with Emissions of 302,000 tons

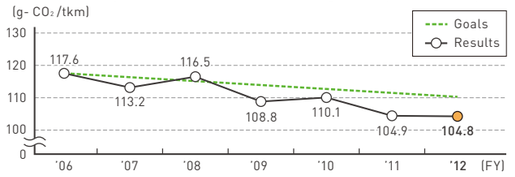
In FY2012, Toyota reduced CO_2 emissions from logistics operations by 5,000 tons through various initiatives, including activities to increase the loading efficiency of trucks, modal shifts, and ongoing fuel-efficiency improvement activities with logistics partners. In addition, a decrease in production volume from the initial plan contributed to a further reduction of CO_2 emissions to 302,000 tons. CO_2 emissions per ton-kilometer(the transport of one ton of goods over a distance of one kilometer) were 104.8g- CO_2/tkm.

CO_2 Emissions from TMC Logistics Operations (Japan)



Note: The CO_2 conversion coefficient was calculated based on the "Guidelines on Disclosure of CO_2 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/environmental_responsibility/data/index.html (information scheduled to be posted in October)

CO_2 Emissions per Ton-kilometer from TMC Logistics Operations (Japan)



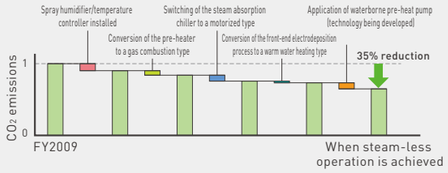
Note: Errors in the figures disclosed last year have been corrected

Focus

CO_2 Emissions Reduction Initiatives in the Painting Process

CO_2 emissions from the painting process account for approximately 20 percent of the total CO_2 emissions from Toyota's vehicle production processes. Since the painting process uses a large volume of steam, that causes significant air supply loss, Toyota has been taking steps toward achieving a steam-less line. In 2011, the Painting Shop No. 1 at the Tahara Plant was designated a model steam-less line and systematic measures to switch to the use of steam-less equipment are being implemented there. Specifically, these include changing the steam absorption chiller for booth air-conditioning to a motorized type, stopping steam humidification and instead using water spray to achieve humidification cooling, and switching the steam coil pre-heater to a gas combustion type. The benefits gained have been verified and *yokoten* (lateral development) is now being implemented for these steps. Through these actions the Painting Shop No. 1 at the Tahara Plant has reduced CO_2 emissions by 25 percent from 2009.

Initiatives to Reduce CO_2 Emissions from the Painting Process



Focus

Responses to Scope 3

The Corporate Value Chain (Scope 3) Standard is a new standard established to encourage corporations to account for and disclose greenhouse gas emission volumes not only from their supply chain (manufacturing, transportation, business travel, employee commuting, etc.), but also both direct and indirect emissions from all corporate activities including the value chain. So far, Toyota has assessed emissions from Category 6 (Business Travel) and Category 9 (Downstream Transportation and Distribution), and is considering increasing the number of categories.

Management

Promoting Third-party Certification of Dealer Environmental Management Systems

Dealers have pressed ahead with voluntary activities based on the Toyota Dealer CSR Guidelines set forth in December 2005. At a CSR workshop held by the Toyota National Dealers' Advisory Council (TNDAC), participants emphasized the need to further accelerate such initiatives, given the enhanced sales of next-generation environmental vehicles and the increasing public interest in environmental actions taken by companies. They called for increased acquisition of third-party certification of environmental management systems, such as ISO 14001 and Eco-Action 21*.

In FY2012, 14 Toyota dealers across Japan conducted activities toward acquiring Eco-Action 21 certification.

* A set of guidelines set by the Japanese Ministry of the Environment regarding environmental management systems and environmental reports.

Kick-off meeting held at Netz Chukyo

Focus

Initiatives to Reduce Energy Consumption on the Hybrid Parts Production Line

In 2011, the Hirose Plant began manufacturing coolers in addition to inverters that were already being produced at the plant.

In the conventional method, a 6-kg jig was heated to a high temperature in a vacuum to weld the approximately 700-g cooler, requiring a large amount of energy. Therefore, the Hirose Plant developed a fast, uniform heating method that allows welding under normal atmospheric pressure without using a jig. The new process made it possible to streamline equipment and reduce the processing time, halving the CO_2 emissions during manufacture of the cooler. Even after the startup of this new process, the Hirose Plant is continuing to implement further energy-saving activities, such as shortening the welding time and reducing the processing defect rate.

Contribution to a Recycling-based Society

The issue of how to efficiently utilize non-renewable resources on the earth is a major challenge for manufacturing industries. For many years, Toyota has been taking initiatives toward establishing a recycling-based society, for example by building a value chain for recycling end-of-life vehicles more than 40 years ago, and promoting activities to utilize resources efficiently and reduce water consumption at production and non-production bases with the aim of improving material productivity. Currently, Toyota is taking various steps to reuse and recycle resources in all four stages of the automobile lifecycle—development/design, production/logistics, sales, and disposal.

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 Toyotsu 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

Disposal stage
Compliance with End-of-Life Vehicle Recycling Law
Recycling of rare metals and earths

Design and development stages
Ecological Plastic
Easy to Dismantle Mark

Toyota Recycling Vision

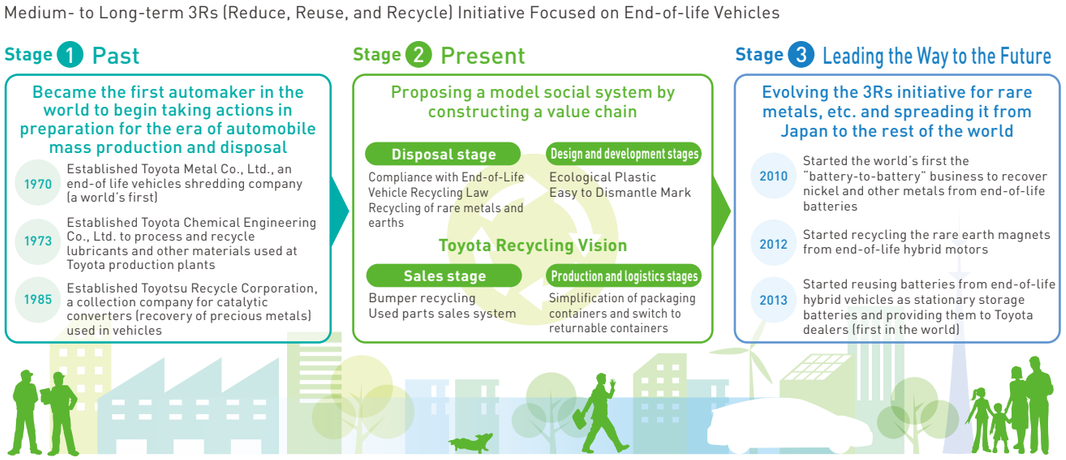
Sales stage
Bumper recycling
Used parts sales system

Production and logistics stages
Simplification of packaging containers and switch to returnable containers

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 the "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)



Design and Development

Started Taking Steps to Further Improve Dismantlability through the Introduction of Heavy Machinery for Dismantling

Toyota became the first automaker* to introduce heavy machinery for dismantling, which had come into wide use for removing parts such as wiring harnesses, into its development division, and to begin evaluating dismantlability at the new vehicle development stage, feeding the results back to the design stage. Through this initiative, Toyota aims to improve vehicle dismantlability even further.

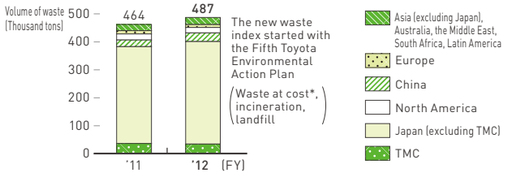
*Toyota in-house survey

Introducing heavy machinery for dismantling to remove parts such as wiring harnesses

Production and Logistics

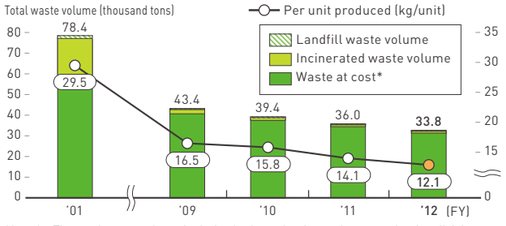
Reduction of Waste Volume

Waste Volumes (Global)



*119 companies (TMC, consolidated subsidiaries and other companies in Japan and overseas)
*Data for FY2011 was revised due to calculation errors at some companies
*Waste that is recycled for a fee

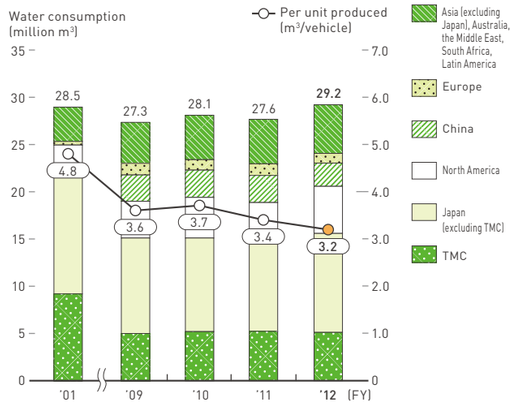
Total Waste Volume and Waste Volume per Unit Produced at TMC



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
* Waste that is recycled for a fee

Reduction of Water Consumption

Water Consumption at Vehicle Assembly Plants and Consumption per Unit Produced



*34 companies (TMC, consolidated subsidiaries and other companies in Japan and overseas)
*Data for FY2011 was revised due to the addition of companies to the scope of calculation

Focus

Reuse of Rinse Water at TMMC

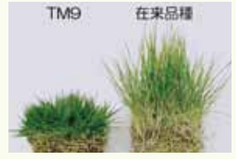
The majority of the water used in automobile production is used in the painting process, primarily for rinsing. Toyota Motor Manufacturing Canada Inc. (TMMC) has been taking various steps to reduce its water usage. In FY2012, with the goal of further reducing its water usage, team members from all departments worked together to reassess every area where water was used in the electrodeposition painting and pretreatment processes. As a result, 14 kaizen items were identified that TMMC could work on. For example, pH adjustment, sediment settling, and filtering made it possible to reuse some rinse water. These improvements enabled TMMC to secure the required volume of rinse water, thus helping it maintain high quality. Besides this example, TMMC is also continuing other improvement steps, such as optimization of water usage by modifying spray nozzles and optimizing process cleaning frequency. These improvements enabled TMMC to reduce its water usage per vehicle within the painting process by at least 35 percent.

Promoting New Businesses that Contribute to Environmental Improvement

Working Together with Society

Greenification Business (1) Affiliate name: Toyota Roof Garden Corporation

In addition to rooftop greening, Toyota Roof Garden also conducts wall greening and businesses that utilize green parking systems, with the goal of easing the urban heat-island effect. The company also produces and sells easy-care slowgrowth Zoysia Grass (TM9) and other new types of grasses developed by Toyota.



Example of wall greening (left); Comparison of TM9 and conventional grass

Greenification Business (2) Affiliate name: Toyota Suntory Midorie (Shanghai) Co., Ltd.

Toyota teamed up with Suntory Midorie Ltd., which develops and sells new alternative materials to soil, to establish Toyota Suntory Midorie (Shanghai) Co., Ltd. in China. The joint venture will sell greening systems and plants from both companies with the aim of promoting the urban greening business in China through the launch of jointly developed products.

Flower wall (left) and green parking space at the Beijing Motor Show

Floriculture Business Affiliate name: Toyota Floritech Co., Ltd.

Toyota, jointly with a general flower trader, Hakusan Co., Ltd., established Toyota Floritech Co., Ltd. in Rokkasho Village, Aomori Prefecture. Using a tri-generation system and other environmentally considerate large-scale greenhouse facilities, the company produces and sells potted flowers (miniature roses) and ornamental plants.

Livestock Biomass Business Affiliate name: Toyota Roof Garden Co., Ltd.

Together with Menicon Corporation Toyota developed a manure composting system for the livestock industry called resQ45. As of March 2013, approximately 90 farms, mostly large-scale ones, have been continually using the system. In 2011, Toyota added a new deodorizer for composting swine discharge called Buta resQ to the product lineup, and in January 2013, launched "New-Tokubetsu-Kyuko" (new special express enzyme) for composting chicken droppings and cow dung.

Overseas Afforestation Business Affiliate name: Australian Afforestation Pty. Ltd.

Five years after afforestation was begun

Toyota's Australian afforestation business, Australian Afforestation Pty. Ltd., is engaged in planting eucalyptus trees which grow extremely fast and have a high yield rate. By the end of FY2006, about 1,700 hectares of land were afforested. In 2009, the company began harvesting trees for shipment to Japan as pulpwood.

Mountain Reforestation Program in Japan Toyota Mie Miyagawa Mountain Forest Project

A well maintained forest

In October 2007, Toyota acquired a mountain forest of approximately 1,700 hectares in Taki-gun, Mie Prefecture and commenced a 50-year reforestation program. As of March 2013 Toyota has conducted thinning and other maintenance activities over 1,060 hectares of forest.

TOPICS

Promoting Reuse and Recycling to Make Effective Use of the Earth's Limited Resources for the Future

Since Toyota debuted the Prius 16 years ago, it has built its own recovery network to collect end-of-life hybrid vehicle (HV) batteries to be recycled. To date, Toyota has collected 30,000 end-of-life HV batteries and recycled all of them.

HV batteries contain precious resources such as nickel, cobalt, and rare earth elements. Toyota has developed and adopted the world's first technologies to enable these precious resources to be reused in new batteries. 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 or recycling HV batteries. The batteries are reused as replacement batteries or as stationary 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.

Toyota is always thinking about the importance of effectively using limited resources and is expanding its initiatives to Europe, the U.S. and other countries.

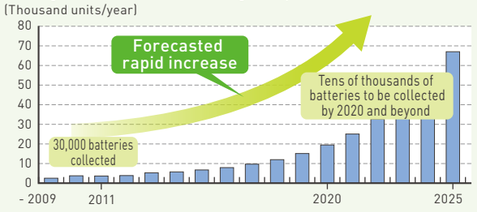
Hybrid vehicle battery

Reuse
Recycle

End-of-life hybrid vehicle → Hybrid vehicle battery collection

Since 1997
30,000 End-of-life HV Batteries Collected in Japan, All of Which Were Recycled

Number of end-of-life HV batteries expected to be generated at dismantling companies
(Thousand units/year)



Collection and Recycling in Other Countries Where Hybrid Vehicles are Sold

Building Toyota's Unique Collection Network

End-of-life vehicle

Consolidation with collected catalysts

Repair/ Replacement

Transportation utilizing reverse logistics of service parts delivery

Collection and inspection

Collection requests
Collection instructions
Inspection requests

Toyota HV Call Center (open 24 hours a day)

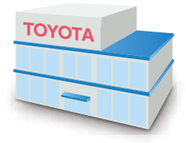
Reusing HV batteries as replacement Prius batteries

World's first

- Original charging/discharging device developed
- Replacing end-of-life cells and reusing batteries as replacement batteries

Remanufacturing by installing reusable cells

Supplied as low-cost replacement batteries



Reusing HV batteries in storage battery systems used to reduce peak electricity demand

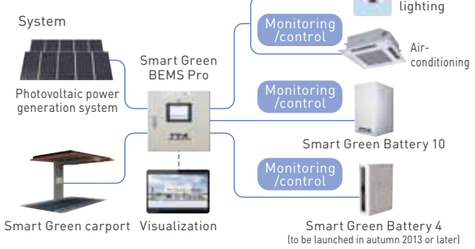
World's first

- Batteries are tested using an original measuring instrument. Only those passing the test are built into a storage battery system that is then connected to an energy management system and used to reduce peak electricity demand at Toyota dealers.
- During an emergency, electricity can be supplied from the storage battery system to an electrical outlet or to specific devices.

Incorporated as is and used as Smart Green batteries

Sales commenced through Toyota Turbine and Systems Inc. in FY2013

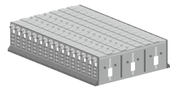
(Utilization example)
Reduction of peak electricity demand at Toyota dealers



Recycling of rare metals and rare earth elements

World's first

- Through an original recycling method, batteries that cannot be reused and end-of-life batteries that have already been reused are reduced to metals, which are then recycled as resources for producing new batteries.



Battery

Reducing, crushing, and sorting

Toyota Chemical Engineering Co., Ltd.

Refining and extraction

Nickel hydroxide
Cobalt
Rare earth compounds

Sumitomo Metal Mining Co., Ltd.

Utilized as raw materials for new batteries since 2010

Battery

Environmental Protection and Contribution to a Harmony with Nature Society

In order to pass on the beautiful Earth to future generations, Toyota is implementing various environmental protection measures, such as measures to reduce exhaust gas emissions and manage the usage of chemical substances. It is said that approximately 100,000 types of chemical substances are currently being manufactured and sold in the world. Recently, the concept that each corporation must assess the danger of each chemical substance it uses and use it under appropriate control has become mainstream. Each corporation is required to identify the chemical substances it uses and the risks involved, take actions appropriate to the evaluation results and assessed risk, and provide pertinent information to the government and society. Toyota continues 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 substances of concern (SOCs) contained in its products.

Toyota 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.

Development and Design

Vehicles that Meet Japanese LEV Emission Standards

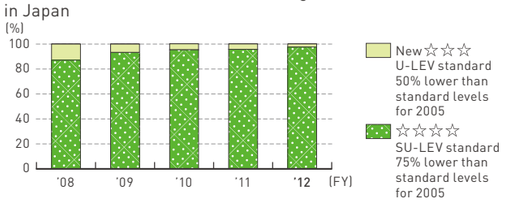
In FY2012, almost 100% of Toyota vehicles produced were certified as meeting the Ultra-Low Emission Vehicle (U-LEV) or higher standards by the Japanese Ministry of Land, Infrastructure, Transport and Tourism.

Percentage of Total Production in FY2012 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	2.3% (17)
☆☆☆☆ SU-LEV standard	75% lower than standard levels for 2005	97.4% (139)

( ) No. of models

Low-Emission Vehicles as a Percentage of Total Production in Japan



Ensuring Compliance with REACH and Other Global Regulations on Chemical Substances

Since the turn of the century, regulations on chemical substances have been getting tighter all over the world, like the EU ELV[1] Directive and REACH[2] regulation. These regulations require corporations to collect information on the chemical substance content of their products and manage their supply chains. In response to these chemical regulations, Toyota has built a chemical substance management framework in cooperation with its suppliers. In FY2012, Toyota propagated this framework globally through revision of the Toyota Green Purchasing Guidelines at its regional companies (in Europe, North America, South America, China, Asia, and South Africa, etc.) and supplier meetings.

Toyota Green Purchasing Guidelines (Asian edition)

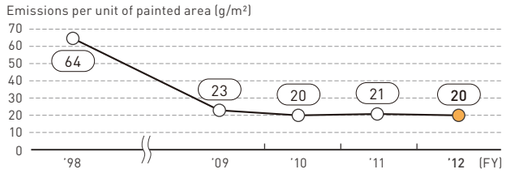
1 End of Life Vehicles
2 Registration, Evaluation, Authorisation and Restriction of Chemicals

Production and Logistics

VOC Emissions from Paint Reduced to an Average of 20 g/m² in Body Painting Processes

Since the previous year, Toyota continued efforts to limit use of solvents in washing processes and recapture a larger percentage of solvent and use deionized water (DI water) for washing instead of waterborne cleaning solvent. As a result of these VOC reduction activities, total VOC emissions from Toyota body paint lines averaged 20g/m² in FY2012.

VOC Emissions Volume in TMC Vehicle Body Painting Processes (Average for All Lines)

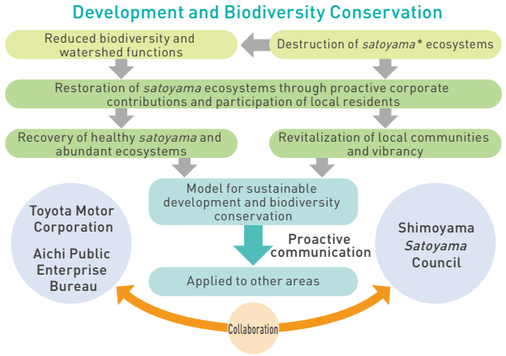


*Volatile Organic Compounds

Initiatives at the New Toyota R&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 an area straddling Toyota City and Okazaki City. In pursuing this plan, Toyota aims to achieve a balance between technological development and environmental conservation and therefore is working together with people in these communities on a wide variety of activities, as well as actively sharing information.

Goals of the Business Plan



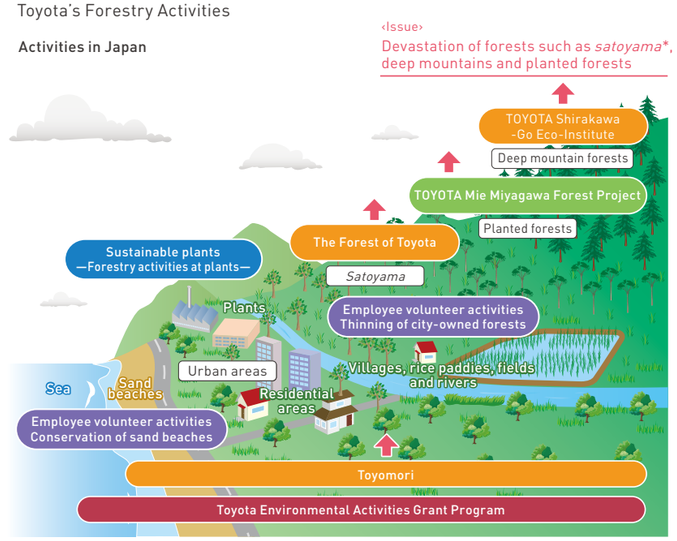
*A Japanese term applied to the interface between cities and nature that have been utilized by people

Community and Society-based Forestry Initiatives

Forests serve to fix CO_2 and provide wood, which is renewable resource, function as biodiversity conservation and soil and water conservation. Toyota conducts its forestry efforts as social contribution activities and as businesses because we believe forests not only contribute to the establishment of a low-carbon society, a recycling-based society and a society in harmony with nature, but are also an essential foundation for communities and society.

When we formulated the Forest of Toyota project in 1992, we started by confronting the issues facing forests today. We continue to expand various initiatives aimed at sustainable forestry activities, through "human resources development and partnership with communities" and "establishing a society that maintains harmony with forests."

Toyota's Forestry Activities



*A Japanese term applied to the interface between cities and nature that have been utilized by people

Social Contribution Activities

Forest of Toyota Providing Opportunities to Learn about the Environment through *Satoyama* Restoration

Toyota is restoring a company-owned forest in Toyota City to the *satoyama* ecosystem that once played an important role in people's lives, utilizing it as a field for hands-on nature programs.

The Forest of Toyota was opened to the public in 1997. Various programs are held there, including fun events in the forest designed for families. A hands-on nature program for local elementary school students that started in 2001 now hosts approximately 7,000 school children each year.

Because of these activities, the Forest of Toyota was recognized in 2011 as Superlative Stage, the highest rating for a corporate forest given by the Social and Environmental Green Evaluation System (SEGES) of the Organization for Landscape and Urban Green Infrastructure.


A nature interpreter communicates the appeal and roles of *satoyama*

In FY2012, the actions Toyota took focused on three main themes—forest restoration, enhancements to environmental education programs, and protection of flying squirrel habitats.

Major Activities Conducted in FY2012

Forest restoration	Conducted thinning of forests around the Eco-no-Mori house as part of activities in the first year of the new five-year plan to make them brighter and more suited to environmental education programs
Enhancements to environmental education programs	In order to expand the range of participants, introduced programs targeting young people, such as grilling pizzas in stone ovens
Protection of flying squirrel habitats	Commenced activities related to the Japanese giant flying squirrel and held information exchange meetings with researchers from all over Japan

Comments Event participants' comments (from questionnaires)

- Everything was a new experience for me and it was really fun.
- It was a great first experience for me to learn about enjoying forests.
- Closing my eyes changed my perception, making me realize how much I always rely on my visual sense.
- I could feel the chirping birds and the warmth of the sunlight through my five senses even though it was cold out.
- I experienced the smell and felt the air of the forest, which cannot be experienced in cities.
- When I heard that nothing in the forest goes to waste, I gained a new understanding about the importance of forests and life itself.

Number of visitors in FY2012: 12,101
Cumulative total number of visitors: 113,004

For further information on Toyota's social contribution activities, please see pp. 52-55.

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 everyone is happy. 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.

2012 (6th) Toyota Dream Car Art Contest
World Contest Winner (Gold Prize, Under 10 years)

Smart Mobility Society Envisioned by Toyota

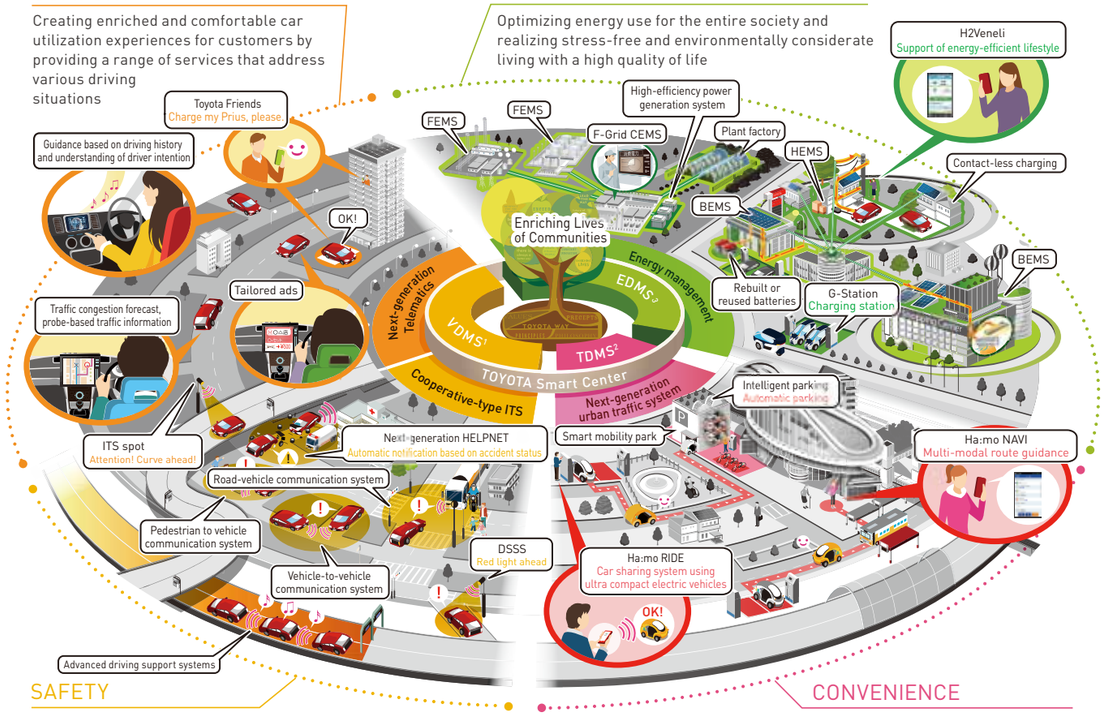
Toyota is aiming to help accelerate the realization of a future smart mobility society, i.e., a society where everyone feels secure and happy in all aspects of their lives from car transport to everyday life. Through initiatives in the four major areas of telematics, ITS, urban traffic, and energy management,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

COMFORT

Creating enriched and comfortable car utilization experiences for customers by providing a range of services that address various driving situations

ECOLOGY

Optimizing energy use for the entire society and realizing stress-free and environmentally considerate living with a high quality of life



SAFETY

Toward the realization of Toyota's ultimate goal: zero casualties from traffic accidents

For further information on Toyota's safety initiatives, please see pp 22-25 and also the webpage below

http://www.toyota-global.com/innovation/intelligent_transport_systems/ultimategoal/

CONVENIENCE

Building a stress-free traffic environment where everyone can move around smoothly, exactly as they wish

Details on next page

Services that constitute a smart mobility society

1. Vehicle Data Management System
2. Traffic Data Management System
3. Energy Data Management System

Toyota City Low-Carbon Verification Project
Smart Melit (Smart Mobility & Energy Life in Toyota City)

As part of efforts to create a smart mobility society, Toyota City, Toyota, and other private corporations began in 2010 to work together on initiatives related to the creation of a low-carbon society and alternative energy sources. In this project, Toyota is incorporating the Traffic Data Management System (TDMS) from the traffic field into the Energy Data Management System (EDMS) in the energy field to optimize energy usage in living spaces at the community level, including homes, traffic and regions.

EDMS monitors the Home Energy Management System (HEMS) installed in individual homes to project the amount of power generated by photovoltaic power generation systems and the amount needed within a region, based on weather and consumer behavior predictions, with the goal of reducing peak power demand. Balancing the demand for and supply of power on a community-by-community basis in this way can help reduce the carbon footprint of the electrical power structure for the entire region.

Next-generation Traffic Network System Linked by Ha:mo that Will Make Transportation More People- and Community-Friendly

Ha:mo (Harmonious Mobility Network) is a new urban transport support system for which verification testing began in October 2012 as part of the Smart Mobility & Energy Life in Toyota City Project. Ha:mo aims to reduce CO_2 emissions and achieve comfortable mobility by optimally and efficiently combining private car and public transportation. The current verification testing involves two services: Ha:mo NAVI, an information system that supports seamless mobility, and Ha:mo RIDE, a car-sharing system that uses ultra-compact electric vehicles for urban short-distance transport (the "last mile"). Ha:mo RIDE, which has four vehicle stations in Toyota City, began operation with 10 EVs and 100 members. The plan is to expand to full-scale testing with 20 vehicle stations, 100 EVs, and 1,000 members by October 2013.

Ha:mo NAVI
System that makes it easy for people to travel places

Ha:mo RIDE
A mobility network for when you need to ride for just a bit

Easy connections between trains and car-sharing system

Ha:mo RIDE station on Chukyo University's Toyota Campus. Users can ride the train from the station closest to where they live, seamlessly connect to an EV station, and arrive at the campus without having lost any time waiting for a bus. This comfortable and convenient mobility network, which allows users to drive distances that are a bit too far to walk, has become very popular.

Comments From a student

I really like this system because making reservations is simple using my smartphone and I can use a car on one-way trips and just leave it at the vehicle station when I'm done.

Energy-efficient and environmentally considerate EV network

The ultra-compact electric vehicle (EV) "COMS" emits no CO_2 and is more efficient than regular-size EVs. Due to their small size, several can be parked in a space smaller than that required for one regular passenger car and they also help reduce traffic congestion. Furthermore, they reduce the regional electrical power load because they can be charged using off-peak nighttime electricity or stored electricity generated from renewable energy sources.

Comments From a student

Car sharing using EVs is an excellent mobility means that is environmentally considerate.

Selection of optimum, stress-free, and secure travel modes and routes

Ha:mo NAVI is a navigation system that combines trains, car sharing systems, and all other available transportation means to help users travel smoothly to their destination. The system selects the best route by taking all factors into account, including traffic congestion, parking space availability, bus operation status, special events, and weather, thus reducing the stress associated with traveling.

Comments From a student

The combination of Ha:mo NAVI with Ha:mo RIDE makes the system so easy to use and has greatly expanded my range of activities.

Focus

Verification Tests on an Ultra-compact Urban EV Car-sharing Project to Begin in City of Grenoble, France

In March 2013, Toyota signed a Memorandum of Understanding with the city of Grenoble, where strict environmental regulations apply, and other organizations to begin verification tests on an ultra-compact urban EV car-sharing project at the end of 2014 with the goal of reducing emissions of greenhouse gases and air pollutants.

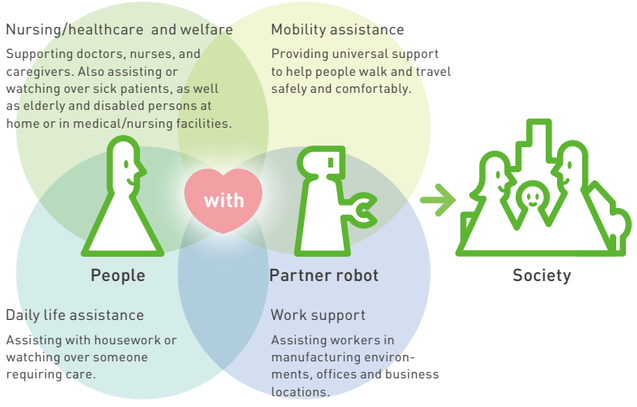
New Lifestyle - Partner Robots

Toyota's Basic Philosophy

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.

The company's goal is to build robots that embody "gentleness" and "intelligence" and will be able to assist with human activities in a wide range of applications, including nursing/healthcare, welfare, mobility support, and housework support. In this way, Toyota is contributing to help create a more sustainable society and universal access to a rich lifestyle.

Toyota is working with various partners in its efforts to develop and field test partner robots. Merging car, IT, and state-of-the-art technologies from other fields, Toyota aims to commercialize partner robots as early as possible within this decade.



Daily Life-assistance Robot that Helps the Disabled Live More Independently at Home

In September 2012, as a new addition to the Partner Robot family, Toyota announced a human support robot (HSR) prototype that will assist people with limited arm or leg mobility to live more independently at home. The HSR—operable by a tablet PC—can perform various household tasks such as picking up an object off the floor and handing it to the person, retrieving an object from a high location, and opening curtains. In the process of developing the HSR, Toyota conducted in-home trials of the robot on individuals with limb disabilities and incorporated their feedback into the robot's design.

In the future, Toyota plans to make it possible even to watch over and care for the elderly remotely by using network and communication functions, thus allowing people to stay connected to the outside world and to society via robots.

Three Key Development Concepts

Compact and lightweight	Simple operation	Safety and confidence
Offers compact size that works well in homes and ease of use	Easy-to-use for everyone	Ensuring safe design that allows people to live in harmony with robots

Picking up and handing over a dropped object

Opening curtains

Retrieving an object from a shelf

Focus

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

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. Through this project, a communication robot called "Kirobo" was jointly developed that links hope for the future to the present and hope for the earth to the universe. 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.

Kirobo will be stationed at the International Space Station (ISS) beginning in summer 2013, where its autonomous and remote control functions will be employed to converse with the astronauts and support their activities.

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

Robot astronaut Kirobo

Defining the Future Mobility Society through 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.

Toyota participates in the Urban Infrastructure Initiative (UII), launched in January 2010, as one of 15 member companies. The goal of this project is reforming cities' sustainability visions into practical and inter-disciplinary strategies by encouraging them to engage in talks with individual companies and draw on their expertise. So far, the UII has held talks with 10 cities worldwide, including Turku (Finland), Philadelphia (U.S.), and Kobe (Japan).

World Business Council for Sustainable Development

Working with Wide Variety of Stakeholders to Define Future Mobility as Part of the Social System under WBCSD

The world is changing drastically, as exemplified by population growth, economic advances particularly in emerging nations, the aging of the global population, and the manifestation of environmental issues and resource limitations. As a result, the ideal future mobility society is also about to undergo significant changes.

When considering the mobility society of the future, it is important to begin with the concept of "market orientation." Market orientation means comprehensively examining the social systems of energy, information, and citizens' daily lives, and accurately assessing regional and user needs as well as future market trends before manufacturing goods.

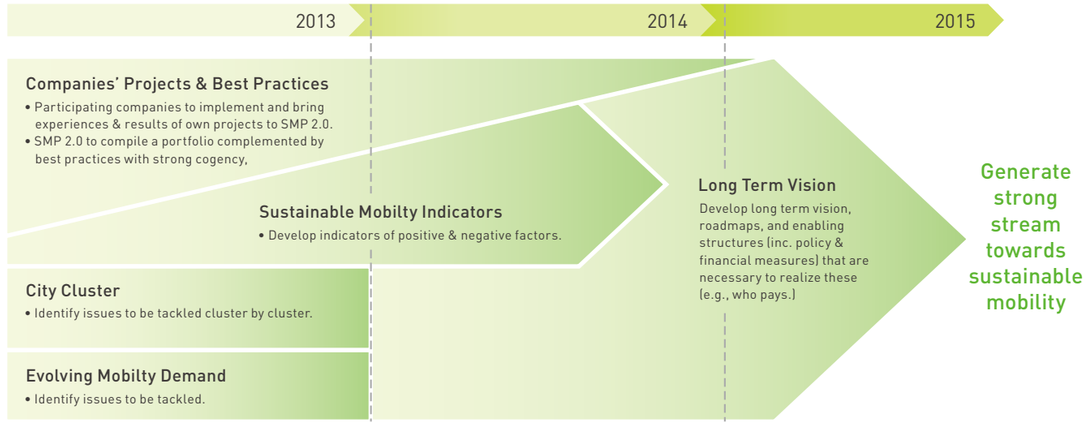
Since automotive companies cannot accomplish this on their own, a process is needed for studying the relevant issues through repeated dialogues with cities and civil society.

Starting and Leading a Project to Define the Ideal Future Mobility Society

In 2012, Toyota began leading dialogues with other WBCSD member companies about how to globally define the ideal future mobility society. In response, the WBCSD decided to implement its Sustainable Mobility Project 2.0 (SMP 2.0) in 2013 to define the ideal future mobility society, envisioning its realization in the year 2050.

In addition to automotive companies from Japan, Europe, and the U.S., companies involved in railroads, logistics, petroleum, information systems, road management and automotive parts have expressed their intention to participate in SMP 2.0. Furthermore, internationally distinguished scholars and experts are being added as advisers to contribute objectivity to the study, and experts from cities around the world have also been invited to participate. As a co-chairing company, Toyota will lead the three-year SMP 2.0 project.

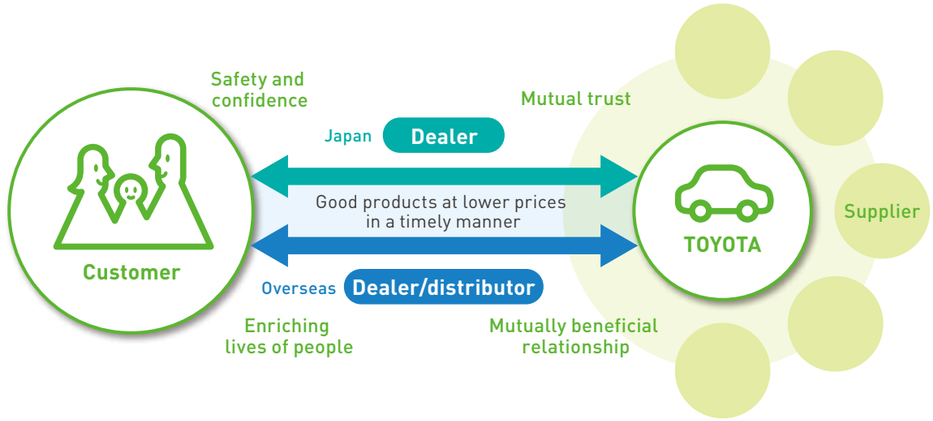
SMP 2.0 Timeline



Collaboration with Business Partners

Toyota's 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.



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 based on the need for mutual support and a harmonious society. 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's Basic Purchasing Policies

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 take local communities and the regional environment into consideration.

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

1. Fair competition based on an open-door policy
2. Mutual benefit based on mutual trust
3. Contribution to local economic vitality through localization: good corporate citizenship

Implementation of Policies

Revision of the Toyota Supplier CSR Guidelines

To clarify the expectations of its suppliers, Toyota 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). Toyota also held suppliers briefing meetings to ask suppliers to enhance and strengthen the global scale CSR initiatives society expects of them.

Support for Supplier Activities

Toyota holds CSR Study Meetings to support the CSR activities of suppliers. In FY2012, study meetings targeting around 340 Japanese suppliers were held based on the themes of compliance (management of confidential information, competition laws, and anti-corruption) and human rights/labor (respect for human rights, labor management). At the global level, Toyota also participated in CSR education activities targeted at suppliers belonging to the Automotive Industry Action Group (AIAG)* in an effort to propagate CSR promotion activities to suppliers inside and outside the U.S.

* Organization which lays down the code of conduct in the U.S. automobile industry

The CSR Lecture held in 2012

Suppliers' CSR Activities

Toyota suppliers also voluntarily engage in various activities to promote CSR and Toyota's supplier associations, Kyohokai and Eihokai jointly hold the CSR Lecture every year. In an effort to improve the awareness level among member companies about the importance of CSR in management, Chief Executive Hiro Motoki of E-Square Inc. was featured as a guest speaker in July 2012 and lectured on "Implementing CSR Management in a Global Society."

Furthermore, continuing from last year the Kyohokai and Eihokai took part in the Make a CHANGE Day event as part of their CSR activities. Volunteer activities were held to collect goods for people living in the areas struck by the Great East Japan Earthquake. All items collected were donated to the disaster-stricken Iwate Prefecture.

Letter of appreciation received from Iwate Prefecture regarding the support provided by the Kyohokai and Eihokai volunteers

Approaches towards Conflict Minerals Issue

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

In 2011, Toyota established the Conflict Minerals Task Force consisting of representatives from relevant departments within the company to begin considering the actions to be taken regarding conflict minerals. Toyota has also participated in the AIAG's working group on conflict minerals and promoted the consideration of unified action to be jointly taken by the automobile industry. In addition, Toyota has worked with other Japanese automobile manufacturers and the Japan Auto Parts Industries Association (JAPIA) to establish an investigation method that will effectively and efficiently assess the usage status of conflict minerals and which also takes impact on suppliers into consideration. The automotive industry as a whole agreed to adopt the Electronics Industry Citizenship Coalition/Global e-Sustainability Initiative (EICC-GeSI) Conflict Minerals Reporting Template standardized by the electronic industry.

In 2012, Toyota revised the Toyota Supplier CSR Guidelines, asking companies in its supply chain to engage in responsible material procurement. Furthermore, Toyota conducted a survey of suppliers who are JAPIA members and asked them to identify their smelters. Since then, Toyota has also been taking initiatives that cut across industry boundaries, for example, regularly exchanging information with other automakers and companies in other industries such as the electronics industry.

In 2013, Toyota plans to conduct such surveys on a global scale, including by its subsidiaries. In May, Toyota held a seminar to begin asking Japanese suppliers of automobile parts to conduct surveys. The automotive supply chain is wide and complex. Therefore, in order to help second-tier suppliers and beyond gain a better understanding of the issue of conflict minerals, Toyota is also helping industry organizations, for example by providing report form completion guidelines, survey result summarization tools, and support for seminars co-sponsored by JAPIA/Japan Electronics and Information Technology Industries Association (JEITA).

On a global scale, Toyota plans to have its overseas subsidiaries explain the issue to their suppliers to seek their understanding and conduct surveys in the same way as in Japan. The surveys will be carried out in all of Toyota's business areas, including its automotive, marine, and housing businesses. Toyota will report the survey results to the U.S. Securities and Exchange Commission in May 2014 and will also post them on Toyota's website.

* For further information on Toyota's Policies and Approaches towards Conflict Minerals, please see p. 57.

Seminar for suppliers

Collaboration with 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.

Relations with Dealers in Japan

Within Japan, Toyota has concluded contracts directly with approximately 280 dealers who operate around 5,400 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.

Japanese Dealers' CSR Activities

The Toyota National Dealers' Advisory Council (TNDAC) issued the TNDAC CSR Guidelines in 2005 to promote unified CSR activities involving all Toyota Japanese dealers. In FY2012, the CSR Lecture, offered annually since 2006, was held in October with the theme, "CSR Activities of Toyota Japanese Dealers from the Perspective of Compliance." Over the two-day period, the lectures were attended by 408 representatives from dealers all over Japan. Comments from participants included, "The lecture reminded me of the importance of approaching issues from the customer's perspective."

All dealers are promoting CSR activities under the three pillars of Compliance, Environment, and Social Contribution and are consistently going through the Plan-Do-Check-Act cycle with self-auditing. Toyota is sharing know-how to support the CSR activities of dealers by cooperating in activities such as revising and upgrading the self-auditing tool (the CSR Checklist) and making improvements to the system for collecting results to be audited.

In FY2012, all 90 items on the checklist were revised and improved with the aim of strengthening compliance related activities.

Aqua Social FES to Promote Protection of Local Environments

As part of its Aqua branding campaign, Toyota is running the Aqua Social FES (ASF) nationwide, encouraging the general public to participate in this regional environment protection and preservation initiative named after the vehicle and focused on water (aqua). The event was held 131 times in 50 locations throughout Japan last year and 11,533 people participated, motivated by the slogan, "Together we can do it!" A total of 1,228 dealer employees sweated alongside general participants working on various local projects, such as waterfront clean-ups and invasive species removal. Toyota is continuing to hold ASF events in FY2013.

Aqua Social FES 2013
"Let's Beautify the Area Surrounding Toyama Bay!"
on May 25, 2013
Held at the Shimao Beach in Himi City, Toyama Prefecture, with 107 participants

Aqua Social FES official website
http://aquafes.jp (Japanese only)

Comments From a general participant in ASF Shizuoka

This was the first time I participated in this event and it was really fun. I want to do it again and hope a lot of loggerhead turtles will return to this beach.

Welcab Station Where Customers Can Test Drive and Seek Advice Regarding Purchasing a Welcab

A Welcab Station is a dealer's sales outlet where customers can experience Toyota's assisted-mobility cars, the Welcab series. Both demonstration models and Welcabs for test drive are always 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 assist in choosing the right vehicle for the elderly, people with physical disabilities, and those with difficulty getting in and out of cars. As of the end of March 2013, there were 204 Welcab Station sales outlets operated by 119 dealers.

Welcab Station

Comments From Welcab Station staff

Welcabs, which are rarely displayed in normal dealer outlets, are always on display. Customers can try getting into a Welcab while seated in their wheelchairs to check ease of use.

"Driving Festival" Events with Regional Flair

"Driving Festival" is a hands-on event Toyota has held from time to time since 2007 to disseminate its expertise to dealers all over Japan. Dealers hold the Driving Festival events adding regional flair to enable customers to experience the appeal of cars. In May 2013, as part of its initiative to aid disaster-stricken areas, Toyota and dealers co-sponsored the Driving Festival 2013 in Fukushima, primarily for children, drawing 13,700 visitors over a two-day period. The Big Palette Fukushima in Koriyama City, where the event was held, was full of smiling and cheering children who received a chance to experience cars through such activities as riding electric vehicles and watching a car being assembled.

Hands-on area to experience the work of an auto technician

Comments From a father who participated with his children

I am so happy that this event gave my children the chance to experience things that they normally cannot. I hope Toyota will hold more of these hands-on events in the future.

First Experience Program, a Traveling Classroom of the Waku-Doki Project

As part of its CSR initiatives rooted in local communities, Toyota has been collaborating with dealers to hold a traveling classroom at elementary schools all over Japan since 2008, with the aim of helping children of the "virtual era" gain real-life experience through cars. In FY2012, the First Car Experience Class and the Class for Everything You Always Wanted to Know about Cars were held at 376 schools, bringing the cumulative total of schools where these classes were offered to 1,095, with approximately 58,000 children attending. Teachers at these schools commented, "We really like these classes because they encourage our students to use all five senses to actively learn."

Participating dealers are enthusiastic about holding these classes because they believe that they contribute to local communities and also help their employees develop as human resources.

Hands-on experience of power and control using an actual vehicle

Comments From children who attended the class

- I usually ride in a car without thinking much about it, but the class helped me understand how awesome cars are.
- I learned that car companies are developing cars with the environment in mind, so I want to do something good for the environment, too.

Relations with Overseas Dealers and Distributors

Toyota's approximately 170 distributors and 8,700 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.

Overseas Initiatives

15% CO_2 Emissions Reduction Achieved across UK Dealer Network in 2012

In 2012, Toyota's dealer network across the UK achieved a 15% reduction in CO_2 emissions. More than 3,700 tons of CO_2 emissions are being reduced each year, equivalent to the emissions from 22.2 million kilometers driven in an average car.

Following a pilot scheme in 2009 that revealed substantial energy savings could be made without the need for heavy capital investment, all Toyota and Lexus Centers initiated measures towards realizing a 20% reduction in CO_2 emissions by the end of 2014. In order to oversee the progress of these activities, all premises were equipped with energy monitoring devices by the end of 2011. Initiatives include a range of practical measures that are simple and in many cases cost-free to implement, such as adjustment of heating and air conditioning systems to match building occupancy hours. Some Centers have also made individual investment in low energy equipment, such as LED lighting.

LED lights in Toyota JEMCA Edgware Road showroom

Comments From the Manager, Corporate Social Responsibility and Environmental Affairs

Our commitment to environmental responsibility is not confined to building clean and fuel efficient vehicles; it extends to all areas of our business operations, not least our network of Toyota and Lexus Centers.

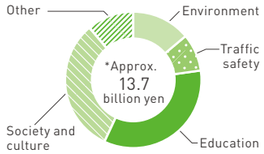
Thomas Rosselle Manager, Corporate Social Responsibility and Environmental Affairs, Toyota Great Britain

Creating Thriving Communities

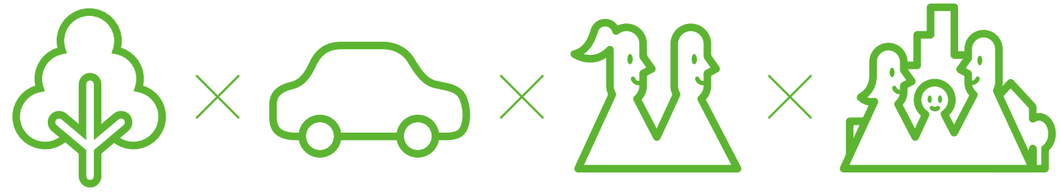
Toyota's Basic Philosophy Regarding Social Contribution Activities

Aiming for the enrichment of society and sustainable development, Toyota joins forces with a broad range of individuals and organizations to make effective use of resources while engaging in social contribution activities that focus on "the environment," "traffic safety," and "education," to resolve social issues.

Results of Social Contribution Activities (FY2012)



*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 FY2012.



Global Topics

Environment

Toyota addresses domestic and international environmental issues by publicizing knowhow acquired through the establishment of *satoyama* (a Japanese term applied to the interface between cities and nature that have been utilized by people) and experimental studies in the Forest of Toyota, and using the accumulated knowledge for environmental education. The company also implements afforestation, human resource fostering, and support for research and activities with a focus on collaboration with society and local communities, as well as initiatives in environmental preservation by employee volunteers.


Rice planting in Toyomori

Initiatives in Japan

"Toyomori" Project—Connecting People to Forests Developing Human Resources that Will Take Root and Thrive in Local Communities

Toyota City, the Support Center for Sustainable Regional Design (NPO) and Toyota Motor Corporation have been running a joint project called "Toyomori," which focuses on human resource development. The project aims to foster people who can—utilizing local natural resources—create new businesses and livelihoods that will touch the lives of people living in the farming and mountain villages in Toyota City. The core of this initiative is the Toyomori Institute of Sustainable Living. In May 2009, the project's first group of 30 participants was selected from public applicants and given the goal of developing business plans that would connect cities and rural communities. The participants learned together over a period of about two years through once-a-month classroom instruction and fieldwork in the mountain villages. The 26 participants of the second phase were selected from public applicants in April 2011 and completed their activities, which spanned two years and were centered on the Asahi District of Toyota City, in March 2013. The third phase will last from June 2013 through March 2014, with the Asahi District again the main field of activities, and will focus on developing human resources who can create new, community-based ways of living.


Presentation after working in groups

Comments From a stakeholder

After graduating from the Institute, I have been utilizing the "ability to go one step further" that I learned at the Toyomori Institute of Sustainable Living to grow 15 kinds of vegetables and practice a *satoyama* philosophy cafe. My motto is "Start doing things where I can, without straining and while having a good time." Together with my friends in the cities, I'm sharpening my five senses while staying in touch with nature and people in the community.

Akiko Arai
Second-phase participant at Toyomori Institute of Sustainable Living

Overseas Initiatives (Brazil)

Working with Local Communities and NGOs to Help Protect the Ecosystem, Including Highly Endangered Species such as the Manatee

The APA Costa dos Corais, which straddles Brazil's northeastern states of Alagoas and Pernambuco and has a total length of 135 km, is the largest coastal ecosystem preserve in Brazil and the second largest in the world. However, due to the absence of policies and rules that ensure sustainable utilization and protection of natural resources, the environment there had been severely degraded.

In 2009, Toyota do Brasil established the Toyota do Brasil Foundation and in 2011 created the Toyota APA Costa dos Corais Project in partnership with SOS Atlantic Forest—a local NGO—and Chico Mendes Institute for Biodiversity Conservation—a government agency—with the goal of protecting plants and animals in the region, such as coral reefs, mangroves, and the endangered manatee.


Coral reef inspection


The endangered manatee

Comments From a stakeholder

The Toyota do Brasil Foundation cooperated with us to expand our auditorium. With multimedia equipment, it is a lot easier to show tourists and the community that the conservation of the natural environment and preservation of the manatees are important. We are very grateful to the Foundation for making it possible to continue protecting the manatee.

Terluriana Flavia Rego
President of the Manatee Association

Traffic Safety

As part of activities that aim to achieve zero casualties from traffic accidents, Toyota has continued promoting traffic safety education activities targeting a wide cross section of society, encompassing children to the elderly, since the 1960s.


White Road Theme Park

Initiatives in Japan

Toyota Traffic Safety Campaign Held for 45th Year —Children Have Fun While Learning Traffic Rules

Every spring and autumn, Toyota carries out the Toyota Traffic Safety Campaign with the cooperation of Toyota dealers and other companies, which is timed to coincide with national traffic safety campaigns. During the campaign, traffic safety picture books and storytelling card sets are distributed under the campaign to children newly entering kindergartens and nursery schools nationwide. These educational materials help children learn how to cross streets correctly, while the picture books, that also have a part for parents, emphasize the advantages of using child restraint systems. These activities started in 1969 and have continued every year for more than 40 years. More than 128 million picture books and 1.3 million storytelling card sets have been published to date. Toyota also creates and donates a leaflet describing each year's focal themes. (The 2012 themes were "encouraging the use of reflective materials" and "turning vehicle headlights on earlier").


Traffic safety picture books and storytelling card sets distributed nationwide under the Toyota Traffic Safety Campaign in FY2012

Traffic safety picture books

Number donated in FY2012: approximately 2.44 million

Cumulative total donated to date: approximately 128.6 million

Traffic safety storytelling card sets

Number donated in FY2012: approximately 43,000

Cumulative total donated to date: approximately 1.37 million

Overseas Initiatives (Thailand)

Road Safety Education Project that Sends Mascots to Elementary Schools Highly Praised by the Royal Government

Since 1988, Toyota Motor Thailand (TMT) has been carrying out the White Road Traffic Safety Campaign throughout Thailand. In Thailand, the term "White Road" implies traffic safety and TMT established the White Road Project in the hopes of making all roads in Thailand safe.

The campaign opened two White Road Theme Parks, including one in Bangkok, to teach children about road safety. A total of more than 15 million children have already visited the parks. In 2005, TMT also started a traffic safety program called the Milky Way and the Gang featuring mascots that visit elementary schools throughout the country and distribute educational multimedia resources consisting of 10 animated episodes.

In 2012, the year of its 50th anniversary, TMT established the goal of holding various events at a total of 50 locations in 2012 and 2013 to widely promote traffic safety.


White Road Theme Park

Education

Toyota engages in activities to foster human resources based on the fundamental policy that "Toyota will maximize the benefits of its social contribution activities by working with partners; by using our resources effectively; and by concentrating on initiatives that address real social needs, including fostering future human resources."


Toyota STEM Challenge Winner of PIC Vehicle Category (Tendring Technology & Sixth Form College)

Initiatives in Japan

Workshop to Allow Children and Artists to Spend Creative Time Together

Toyota, Children Meet Artists (NPO), AIS Planning, and executive committees in each region have joined together to hold an educational program called the Toyota Children Meet Artists Program, which supports dancers and artists in visiting workshops held at schools. The program's goal is to help foster abilities and sensitivities that will enable children to respect diverse ways of thinking by meeting and spending time with artists.

In FY2012, the Toyota Children Meet Artists Program held the "Workshop to Discover Sounds Heard in Daily Life" at the Children's Center in Kanazawa. It also created short-term festival teams through its "Festival Just for Us" workshop at a school for children with disabilities in Kochi Prefecture, to encourage greater participation.


Toyota Children Meet Artists Program (FY2012)


2013 Kanazawa City


2013 Kochi Prefecture

Activities in FY2012

Events held at 10 schools or other locations in 4 regions, with 700 children involved in activities

Cumulative results since 2004

Events held at 60 schools or other locations in 13 regions, with 5,800 children involved in activities

Comments From a stakeholder (a school teacher who participated in events)

Being exposed to a free, open way of thinking and a mode of self-expression they had never experienced before, the children really opened up and enjoyed the workshop. In the process of interacting with the artists and staff, the children seemed to discover lots of good things about each other.

Overseas Initiatives (United Kingdom)

Support for Science and Technology Education in the UK

Established in 2003 by Toyota Motor Manufacturing UK, the Toyota STEM Challenge is a national school-based competition aimed at 11-16 year old Design & Technology, ICT and Science students. Developed in partnership with Rapid Electronics, a distributor of electronic components to schools, the Challenge invites students to design, build and race an environmentally friendly model vehicle made from recycled materials. The Challenge aims to encourage them to apply their knowledge and understanding from a wide range of curriculum subjects including Science, Technology, Engineering and Math. Designed to be fun and affordable, the Challenge reaches over 10,000 students each year, setting new, higher standards of excellence and innovation.


Charging their solar powered vehicle

Number of participants in 2012: 392 Cumulative total: 3,620

The Toyota Foundation: For the Sake of Greater Human Happiness

The Toyota Foundation (Public Interest Incorporated Foundation) was established in 1974 with the goal of providing grants to research and projects in a wide variety of areas relating to human and natural environments, social welfare, and education and culture, in line with the founding philosophy of "contributing toward the realization of a more people-oriented society and a resulting increase in human happiness." The Greater Mekong Subregion Migrant Workers Project, one of the Foundation's grant programs, is a project that establishes a base for fostering a shared understanding about migrant workers in the Greater Mekong Subregion (Cambodia, Thailand, China, Myanmar, Vietnam, and Laos).

In the Greater Mekong Subregion, several million migrant workers live without clear resident status, resulting in a wide variety of issues. Many live in Thailand, which has been experiencing phenomenal economic growth and accepts these workers because of its constant labor shortage. To resolve these issues surrounding the migrant workers, the governments of the sending and receiving countries must cooperate with NGOs and corporations beyond national and sector boundaries to establish a shared understanding of the workers. To assist in this work, the Toyota Foundation supported a project for the three-year period from 2009 to 2011 to create "Speaking of Migration: Mekong Vocabulary on Migration" and "Legally Binding: A Summary of Labor Laws in the Greater Mekong Subregion." These publications compare the languages and laws related to immigration in the countries located along the Mekong River, providing government personnel and NGOs with a common platform for discussing the various issues. In 2013, to widely disseminate the results of the project, a symposium was held in Bangkok by a network of NGOs, governments, and international organizations where issues and policies related to migrant workers were discussed. The Toyota Foundation also provided assistance for holding this symposium.


U Myint Thein, then-Deputy Minister; Ministry of Labor, Employment and Social Security, Myanmar and other symposium participants

Speaking of Migration: Mekong Vocabulary on Migration

Other

In addition to the three aforementioned areas, Toyota is also taking various initiatives to address the societal needs of individual countries and regions. For example, in Japan, Toyota has added society and culture as an area for community contribution and is promoting programs that utilize the know-how and resources Toyota possesses to the maximum extent possible while also supporting employees' volunteer activities.


Marmont, the Winner of the 2012 Toyota Choreography Award

Initiatives in Japan

Providing Quality Time to Enjoy World-class Music with Cooperation from the Vienna State Opera

In FY2012, seven concerts were held between April 3 and 11 in seven cities in Japan from Sapporo to Fukuoka featuring some 30 members of the world-famous Vienna Philharmonic Orchestra and Vienna State Opera who were brought together specifically for this event. The concerts were held with the aim of providing fans with an opportunity to enjoy first-rate music at affordable prices and to help nurture a richness of spirit through music.


Toyota Master Players, Wien-Tokyo concert

Performances in FY2012

7 concerts held in 7 cities,
attended by approximately 10,500 visitors
Cumulative total of 75 concerts,
attended by approximately 130,000 visitors

Overseas Initiatives (The Philippines)

Working Together with NPOs and the Homeless to Build Houses

Toyota Motor Philippines (TMP), through its social and humanitarian arm, Toyota Motor Philippines Foundation (TMPF), recently partnered with the City Government of Santa Rosa and the Gawad Kalinga (GK) Community Development Foundation to begin a project that provides houses to the homeless.

In 2013, the plan is to build 160 housing units and a community meeting hall in an area measuring approximately 8,000 square meters. Eighty units have already been completed and preferentially allocated to qualified beneficiaries who are willing to render volunteer time to build houses. Before the hand-over of the housing units, TMP employees also volunteered to help with tasks such as painting of houses, further strengthening their bonds with the community.


Employee volunteers form a human chain to pass hollow blocks

Comments From a stakeholder

I feel privileged for being chosen as a qualified beneficiary. I made a promise to abide by GK's rules. In fact, I have already completed the required 2,500 volunteer hours and moved in to my housing unit. But still, I continue to work for the project in order to show my gratitude and support to those who made the project possible.

Rodelio Caguioa, Homeowner officer

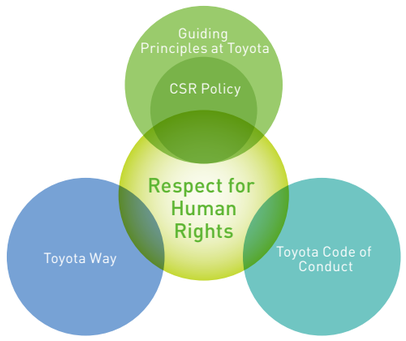
Respect for Human Rights

Toyota's 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.



CSR Policy: Contribution towards Sustainable Development (excerpt)

- We implement our philosophy of "respect for people" by honoring the culture, customs, history and laws of each country. (Guiding Principles 2)
- 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)
- 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)
- We support equal employment opportunities, diversity and inclusion for our employees and do not discriminate against them. (Guiding Principles 5)
- We strive to provide fair working conditions and to maintain a safe and healthy working environment for all our employees. (Guiding Principles 5)
- 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)
- Management of each company takes leadership in fostering a corporate culture, and implementing policies, that promote ethical behavior. (Guiding Principles 1 and 5)

System for Respecting Human Rights

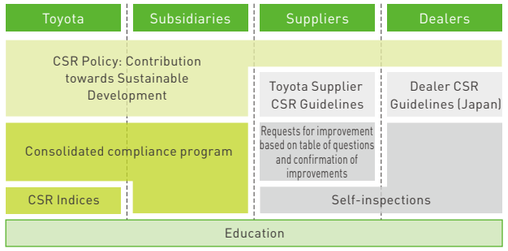
Toyota established in-house CSR Indices to confirm whether business is being executed in line with the concept of respect for human rights, and follow-up is performed for the various functions each year.

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 2012, requests to propose and implement improvement measures were made to those subsidiaries where opportunities for improvement were identified from among Toyota's 119 subsidiaries in Japan and 174 overseas subsidiaries.

For suppliers, Toyota established and distributed the Toyota Supplier CSR Guidelines in 2009, which clearly state Toyota's expectations of its suppliers and Toyota's policy of respect for human rights. In addition, Toyota used to request each company to perform self-inspections based on the guidelines. Toyota revised the Toyota Supplier CSR Guidelines at the end of 2012, confirmed conditions using a table of questions that was newly incorporated 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.

Toyota will continue to listen to the views of stakeholders and further undertake various types of measures to reflect these views in management.

System for Respecting Human Rights



For further information on Toyota's initiatives towards suppliers, please see pp. 48-49.

Measures to Address Changes in Social Demands

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, proposals to reinforce and review various CSR measures relating to human rights and labor were made to the CSR Committee, which is now moving towards implementation. The Working Group remains active in 2013, and the reinforcement of measures addressing subsidiaries and suppliers mentioned above is one result of the Group's work.

Putting Respect for Human Rights into Practice:
Toyota's Policies and Approaches towards Conflict Minerals

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[1] that provide sources of funding to armed groups through such actions are major social issues concerning the supply chain.

As a global enterprise, Toyota adopted "Toyota's Policies and Approaches towards Conflict Minerals," which are to be implemented internally and by its consolidated subsidiaries in Japan and overseas with the aim of not using any conflict minerals—which are relating to illegal conduct including human rights infringement—as raw materials. Toyota is further addressing the issues in the supply chain by asking suppliers to engage in responsible material procurement in accordance with the Toyota Supplier CSR Guidelines.

As a part of its efforts to resolve issues regarding conflict minerals from Congo or adjoining countries, Toyota also participates in the Public-Private Alliance for Responsible Minerals Trade (PPA)[2] and supports measures such as identifying mines that are not related to conflicts.

Toyota will conduct a global survey in 2013 concerning the use of conflict minerals in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act. The survey results will also be reported to the U.S. Securities and Exchange Commission in May 2014 and posted on the Toyota website.

1. Columbite-tantalite (coltan), cassiterite, gold, wolframite, or their derivatives, or any other mineral or its derivatives financing conflict in the Democratic Republic of the Congo or adjoining countries
2. An alliance providing a platform for coordination among government, industry, private companies, NGOs, etc. to ensure responsible trade by the efforts including identifying conflict-free mines (http://www.resolv.org/site-ppa)

For further information on conflict minerals, please see p. 49.

Toyota's Policies and Approaches towards Conflict Minerals

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.

Social Contribution Activities (North America)

Toyota Family Literacy Program Marks 20th Anniversary

Toyota believes basic literacy is essential for success in school and work.

Toyota Motor North America (TMA) has partnered with the National Center for Family Literacy (NCFL) to run the Toyota Family Literacy Program (TFLP) throughout North America, working to increase the literacy level of both parents and children. Focusing on the fact that children whose parents do not read or write English tend to have a lower literacy level, this program aims to break this cycle by providing a place where parents and children can learn together. The program initially targeted preschoolers and their parents, but is now focused on immigrant families. The program marked its 20th year in 2011.

Cumulative number of families assisted by the program:

More than 1 million families in 256 locations in 50 cities in 30 U.S. states

For further information on Toyota's social contribution activities, please see pp. 52-55.

Breaking the cycle of illiteracy

Comments From Program Participants

What does the program mean to me? Everything! The parenting skills I received empowered me to become a better mother. My dream of completing my education finally came true. Today I am a college graduate, my daughter is a college senior, my son just finished high school, and my husband is working on his Associate degree in Business Administration.

Peyton Rhone

Stable Base of Business

Achieving sustainable growth through the virtuous cycle—Making always better cars and enriching lives of communities leads to a stable base of business

People are what hold up Toyota's base of business. Each of Toyota's more than 300,000 employees around the world share the Toyota values that have been passed down since its establishment—the Toyota Precepts, Toyota Guiding Principles, and Toyota Way—while carrying out their individual business activities. The sharing of such global values is the foundation of making always better cars, contributing to society through these cars, and consequently increasing sales and profit. This leads to reinvestment in the making of always better cars. Toyota's concept for its business activities is to accomplish sustainable growth through this cycle.

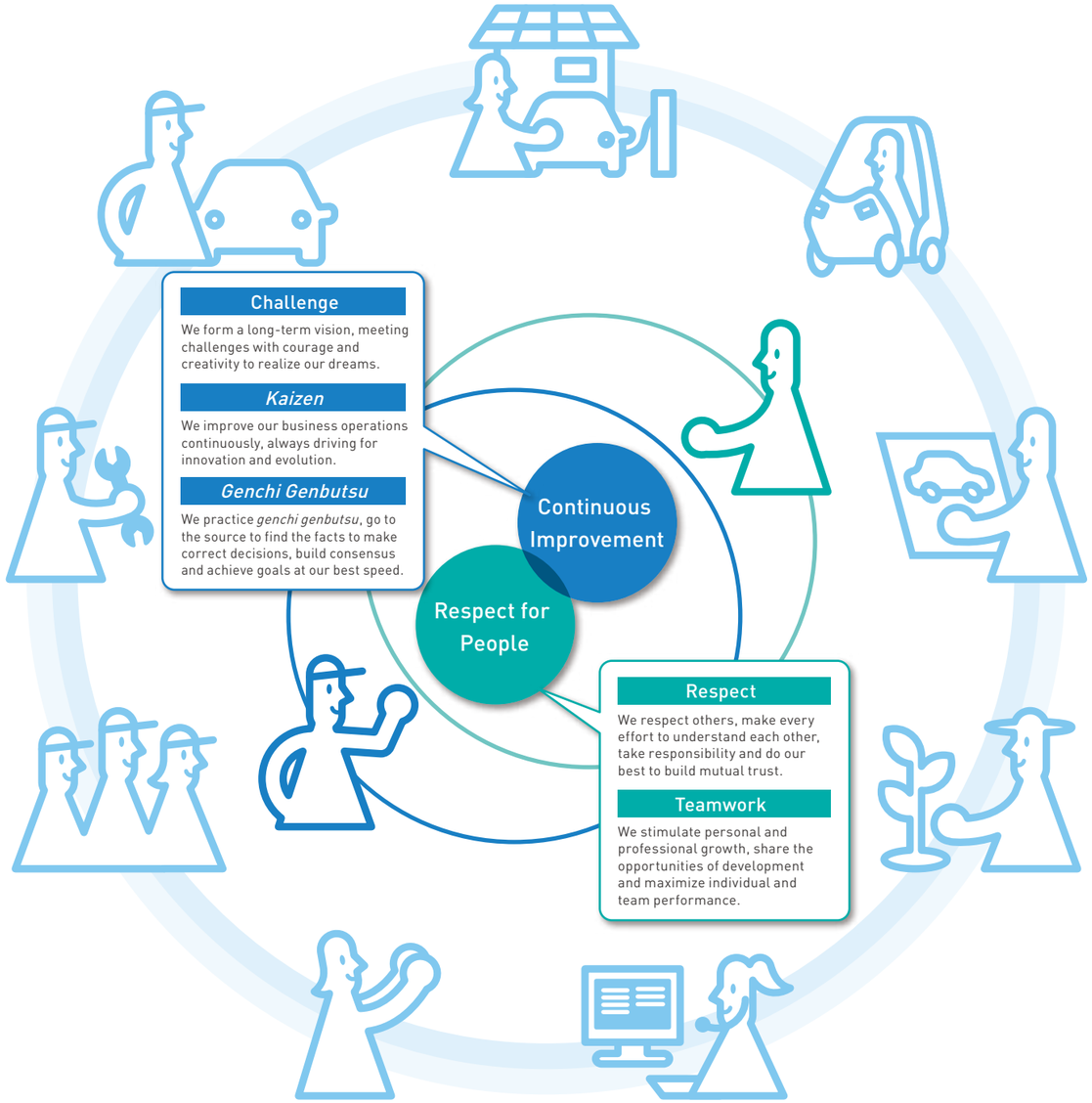
Toyota will work to create a solid business base that is able to respond to changes in the business environment and support this cycle through further, continual improvements.

Sharing the Toyota Way Globally

Since its foundation, Toyota has contributed to society through pursuing "conscientious *monozukuri* (manufacturing)" as its philosophy. Within this philosophy, beliefs and values for business original to Toyota have been created and techniques for management and implementation have been devised to be fostered as the source of Toyota's competitive power. Business beliefs and values such as these handed down as tacit knowledge have been organized and compiled into the "Toyota Way 2001" so that they can be viewed and understood by all employees.

With "Continuous Improvement" and "Respect for People" as its pillars, the Toyota Way 2001 has five keywords: "Challenge," "*Kaizen*," "*Genchi Genbutsu*," "Respect," and "Teamwork."

The Toyota Way is shared throughout Toyota globally, and putting it into practice will lead to the creation of a more stable base of business and contribute to the making of always better cars and enriching lives of communities.



KPI for a Stable Base of Business in FY2012

Employees

Local employees comprising management at overseas affiliates	60.1%
Employees who feel their own growth	74.8%
Employment of people with disabilities (includes special-purpose subsidiaries)	2.08%
Frequency rate of lost workday cases (unconsolidated)	0.07%

Corporate governance

Outside corporate auditors	3

Financial information

Operating income (Operating income ratio)	1,320.8 billion yen (6.0%)
Dividend per share	90 yen

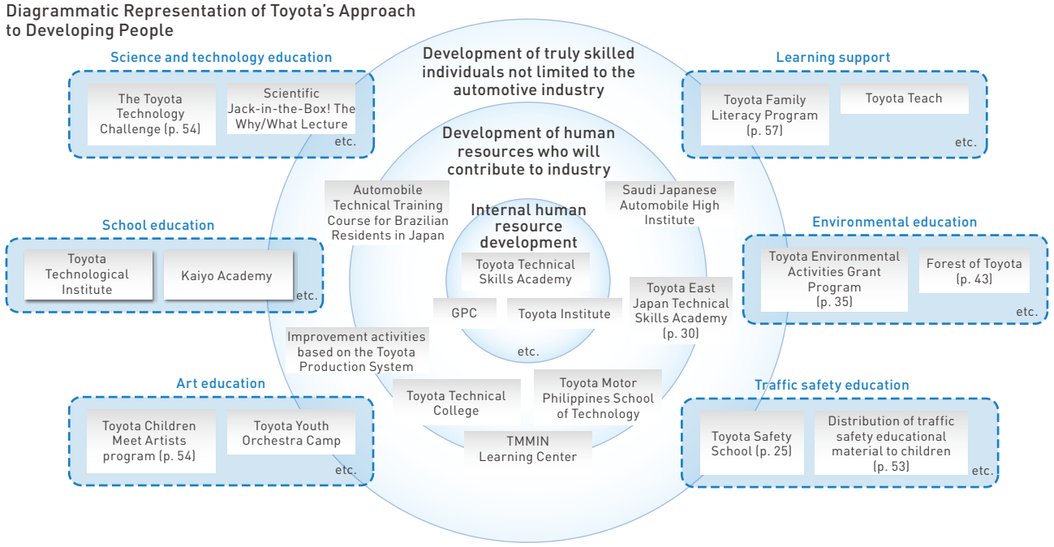
Special Feature

Monozukuri (Manufacturing) Is about Developing People

Continuing to Remain a Company that Respects People: Carrying on the Founding Philosophy of "*Monozukuri* Is about Developing People"

Toyota's approach to human resource development is based on a philosophy of respecting people. Therefore, Toyota provides a diverse array of learning platforms from the viewpoint of not only educating its worldwide employees and helping industries grow, but also contributing to the development of truly skilled individuals that can create a sustainable society.

Diagrammatic Representation of Toyota's Approach to Developing People



Toyota's Basic Philosophy Regarding Developing People

The Toyota Way, which spells out Toyota's philosophy and sense of values shared among all of its people around the world, consists of two key principles: "Continuous Improvement" and "Respect for People." Respect for diverse individuals while valuing teamwork that brings together their abilities has been the corporate spirit underlying Toyota's culture of "*Monozukuri* Is about Developing People" since its founding.

At Toyota, where human resource development has been based on people development, a constantly evolving education system was created for all employees out of the "teaching and learning" education culture nurtured from on-the-job training.

Toyota's philosophy of developing people as the basis of its contribution to society through *monozukuri* has gone far beyond employee education. It has transcended corporate boundaries and spread to various regions in Japan and overseas, where it has been realized in a broader sense in the form of educational assistance that supports people development. Toyota's fundamentals for people development remain the same today, even in the current global business environment.

Development of *Monozukuri* Professionals

Toyota Technical Skills Academy Developed in Step with Toyota's History of Advancement

Naturally it takes time for individuals to acquire the knowledge, technologies, and skills specific to the automotive industry and to Toyota. Therefore, Toyota's basic approach to people development is to try to raise the level of the entire organization from the medium-to long-term viewpoint in order to secure human resources that can raise the performance level for the organization as a whole.

The Toyota Technical Skills Academy, which has developed in step with Toyota's history of advancement, is an intra-corporation academy established with the objective of training excellent technicians who will support Toyota's *monozukuri*. So far, more than 17,000 students have graduated from the Academy and are demonstrating leadership in implementing Toyota's *monozukuri* both in Japan and overseas. These graduates, who have been thoroughly steeped in the Toyota Way since their mid-teens represent the source of strength behind Toyota's *monozukuri* and are the future successors of the Toyota tradition.


Practical training session

Development of the Automobile Industry

Contributing to Indonesia's Economic and Social Development

In May 2012, PT. Toyota Motor Manufacturing Indonesia (TMMIN), Toyota's vehicle production subsidiary in Indonesia, established the TMMIN Learning Center (TLC). TMMIN held a ceremony to commemorate the establishment of the center, which provides technical skills training for vehicle manufacturing.

TLC also conducts manager training programs with the aim of fostering a wide range of human resources able to contribute to furthering the development of the automobile industry in Indonesia. In addition to training programs for employees, starting in 2014, TLC plans to provide opportunities for suppliers, students and teachers in the region to also participate in courses. Through the fostering of human resources, Toyota plans to contribute to the ongoing growth of the economy and of communities in Indonesia.


At the opening ceremony


Students receive technical skills training for vehicle manufacturing

TMMIN Learning Center

Enrichment of Society

Training School Teachers to Improve the Basic Scholastic Abilities of Children

In 1992, to improve the basic scholastic abilities of elementary and junior high school children, Toyota South Africa Motors (Pty.) Ltd. (TSAM), which manufactures the Corolla, Hilux and other vehicle models, began the Toyota Teach educational program. The program is aimed at teachers and provides training in teaching methods for English, Mathematics and Science, as well as in school governance and management.

The Toyota South Africa Foundation (TSAF), established in 1989 through a joint investment between TMC and TSAM, provides ongoing support to Africa. The foundation aims to raise the standard of living and improve social and economic inequality in the country through the provision of opportunities for better quality education. When investigating what type of work was needed to accomplish this goal, TSAF discovered that there were students, who despite getting into colleges and technical schools, had insufficient basic scholastic abilities to fully enjoy the benefits of higher education. Therefore, to effectively improve the basic scholastic abilities of elementary and junior high students, TSAF determined it would provide training aimed at teachers.

Training was first offered to elementary school teachers in Umlazi and three other areas of South Africa where many TSAM employees live. Since 2005, the program has strengthened comprehensive training on school operational methods targeting school governing bodies, school management teams and educators in different learning areas.

Ten schools were selected as model schools in 2009, and training was offered to all teachers in those schools for three years. An external evaluator commented on the impact of the program, noting that some of the schools were able to turn around into well organized and well functioning organizations, and that teachers can now teach difficult topics with confidence. An overall improvement in English language and math skills was seen in seven schools, with student scoring higher grades in an annual national assessment test.


Teachers attend the Toyota Teach program


Students participate in a technical training program at a Toyota Teach model school

Employees

Toyota's Basic Philosophy Regarding Employees

Stable Base of Business Supported by a Relationship Based on Mutual Trust and Respect

In order to accomplish a stable base of business, Toyota aims to realize management that shows respect for people and build stable labor-management relations based on mutual trust and mutual respect, as well as to have all employees exercise their abilities to think, be creative, and utilize their strengths to the maximum extent possible.

Toyota experienced labor disputes and personnel cuts during the management crisis of the 1950s. These difficult experiences led Toyota to create a company that would never again have to dismiss employees. After holding exhaustive discussions on the best course of action between labor and management, both parties came to a mutual understanding where employees would proactively cooperate to improve productivity, while the company would work to maintain and improve working conditions. Further, by sharing information and enhancing employee awareness in times of crises, Toyota also created a relationship of mutual trust and mutual respect based on which all employees execute their duties and responsibilities for the prosperity of the company.

The Four Principles Upon which the Relationship of Mutual Trust and Mutual Respect Is Based

First of all, Toyota believes that stability of employment, safety, and health are matters of the highest priority for employees to work with confidence, and to this end has developed a range of measures. In addition, Toyota has worked to promote continual improvements by enhancing two-way communication with employees, encouraging a sense of unity throughout the entire company and sharing information during times of crises. By respecting diverse values and thinking, Toyota has created opportunities for employees to demonstrate their creativity and has fostered teamwork. Efforts are also being made to develop human resources and create ample systems.

Toyota believes that carrying out personnel and labor management that is based on these four principles makes it possible to maximize the entire company's performance and create a stable base of business.

Sharing the Origin of the Toyota Way with All Employees

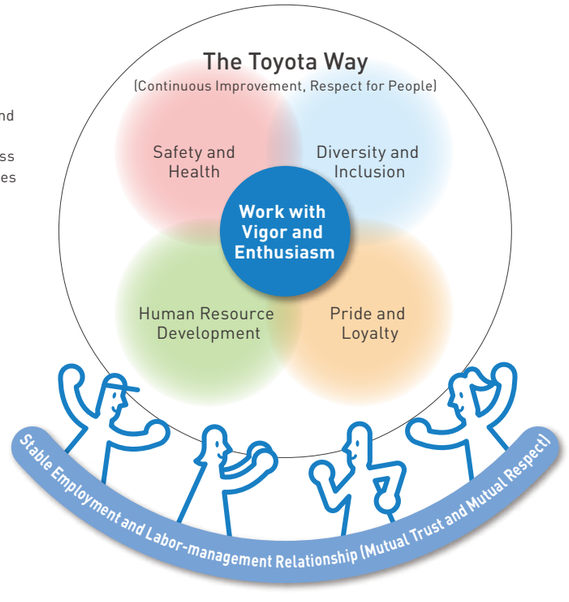
This ideology has been systematically organized as the Personnel and Labor Toyota Way, which is based on the Toyota Way and is shared by all of Toyota's global affiliates. Management and various other measures based on the ideology are being implemented around the world. Toyota is committed to enhancing customer satisfaction and contributing to society by strengthening the bonds between labor and management based on mutual trust and respect and by realizing management that shows respect for people.

Safety and Health

Ensuring employee safety and health is one of Toyota's most important bases for our business activities. Each workplace serves as the individual driving force behind a company-wide effort.

Human Resource Development

Toyota is working to develop vigorous workplaces by greater enhancement and reinforcement of educational programs based on the Toyota Way with OJT as an essential.



Diversity and Inclusion

Toyota plans greater enhancement and reinforcement of educational programs based on the Toyota Way, and strives for creation of a workplace worthy of vigor and enthusiasm.

Pride and Loyalty

Toyota strives to foster employees' pride and loyalty to the company, workplace and colleagues by encouraging a culture of teamwork through communication and mutual cooperation.

Basic Employment Principles

Excerpts from the Guiding Principles at Toyota

1. Honor the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good corporate citizen of the world
5. Foster a corporate culture that enhances individual creativity and teamwork value, while honoring mutual trust and respect between labor and management

Excerpt from the Toyota Code of Conduct

Chapter 1. Through our communication and dialogue with the company, we (people working for TOYOTA) strive to build and share fundamental value of "Mutual Trust and Mutual Responsibility." TOYOTA (TOYOTA MOTOR CORPORATION and its subsidiaries) endeavors to improve its business achievements so that TOYOTA can continue to provide employment and fair and stable working conditions for each of us. Simultaneously, TOYOTA promotes a work environment in which each of us can work in a harmonious and dynamic manner.

Excerpts from the Toyota CSR Policy

Employees — We support equal employment opportunities, diversity and inclusion for our employees and do not discriminate against them. (Guiding Principles 5)

Employees — We strive to provide fair working conditions and to maintain a safe and healthy working environment for all our employees. (Guiding Principles 5)

Labor-management Relations based on Mutual Trust and Respect

The Joint Declaration of Labor and Management was concluded in 1962 based on lessons learned from bitter experiences during the 1950 labor dispute. The approach of "mutual trust and respect between labor and management" became the basis of labor-management relations, and in 2012, the 50th year since the signing of the declaration, Toyota once again vowed to further reinforce ties between labor and management.

In the 50th year since the Joint Declaration of Labor and Management

Joint Declaration of Labor and Management (excerpts)

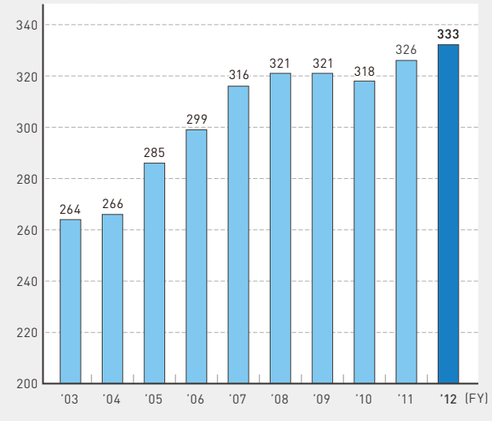
- We will contribute to the development of the national economy through the prosperity of the automotive industry.
- The relationship between labor and management shall be based on mutual trust and respect.
- We will endeavor to maintain and enhance the company's prosperity and labor conditions through the improvement of productivity.

We hereby swear to further reinforce ties between labor and management based on mutual trust and mutual respect like two wheels on a car, traveling down the same road, and, by exceeding expectations for customer satisfaction and social contribution, to pass on the spirit of the Joint Declaration of Labor and Management and Toyota's *monozukuri* to the next generation.

May 29, 2012
Akio Toyoda, President, Toyota Motor Corporation
Mitsuyuki Tsuruoka, Chairperson, Toyota Motor Workers' Union

Toyota has contributed to increasing employment opportunities worldwide through the construction of new plants, the Sorocaba Plant in Brazil and the Karawang No. 2 Plant in Indonesia.

Shifts in Number of Global Toyota Employees



Newly Operating Plants

Fiscal year	Name of plant (region)	Number of new plants
FY2003	TMMAL (Alabama, North America)	1
FY2004	TMMBC (Mexico, North America) FTCE (Changchun, China) TFTD (Tianjin, China)	3
FY2005	TPCA (Czech Republic, Europe) TMIP (Poland, Europe) GTE (Guangzhou, China)	3
FY2006	TMMTX (Texas, North America) SFTM (Sichuan, China) GTMC (Guangzhou, China)	3
FY2007	TMMR (Russia, Europe)	1
FY2011	TMMS (Mississippi, North America) Creation of 2,000 new jobs	1
FY2012	SFTM (Changchun, China) creation of 2,000 new jobs TDB (Sorocaba, Brazil) creation of 1,500 new jobs TMMIN (Karawang, Indonesia) creation of 1,100 new jobs	3

Toyota's Basic Philosophy Regarding Safety and Health

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.

Promotion of 3-pronged Approach to Safety and Health

In FY2012, "building a culture that promotes interactive development of safety and health" was set as the foundation of Toyota's global policy. As a result of basic rule observance and interdependent bottom-up initiatives involving the whole company that were implemented 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, the total number of accidents were reduced to half that in 2008.

Companywide Safety *Genchi Genbutsu* (On-site Hands-on Experience) Program

Toyota has been conducting a Companywide Safety *Genchi Genbutsu* Program since 2009. The President and Vice Presidents participate in the program, which has produced significant results in improving the culture of safety and reducing accidents.

Companywide Safety *Genchi Genbutsu* Program

Global Safety Measures

- Safety functions were established in management companies in each region (North America, Europe, China, Asia and Oceania, etc.), a network linking the Head Office and management companies with subsidiaries was built, and safety measures are taken globally.
- Accident information is shared and follow-ups performed.
- Occupational safety and health management systems (OSHMS) are utilized.
- Plant safety systems and rules are adopted and implemented.

Bolstering Mental Health Care

In FY2012, 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. Training on techniques for identifying issues and dealing with stress by young employees was added to entry-level technical training. 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 "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.

Building up Good Health

In FY2012, 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, and granting awards to work sites that take proactive measures to support good health. Risk reduction activities focused on health BIP2 programs (BMI 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, smoking rates are steadily declining, and Toyota plans to continue these programs in the future.

A quit-smoking lecture

Health Management of Overseas Personnel

In FY2012, 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. Tele-conferences were also routinely held with local points of contact and information exchanged.

Making rounds at an overseas healthcare facility

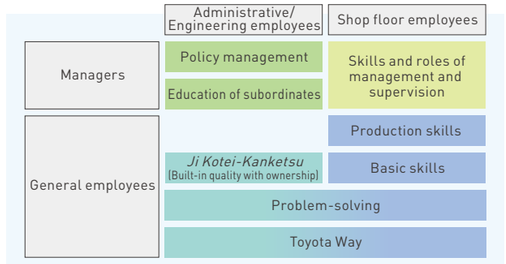
Toyota's Basic Philosophy Regarding Development of Human Resources

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

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



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
Ji Kotei-Kanketsu	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	• Knowledge regarding recognizing irregularities and work points • Trouble-shooting capability
Skills and roles of management and supervision	• Manager and supervisor skills for soundly managing standard operations • Group and team operational knowledge, etc. for managing irregularities

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 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 ICT (Intra Company Transferee) program temporarily transfers employees of overseas affiliates to Toyota Motor Corporation for human resource development through on-the-job training.

Transferees learn skills and know-how throughout their training periods which range from six months to three years. As of May 1 2013, a total of 451 transferees from 52 affiliates in 36 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, twelve new job-offer recipients were selected to participate in the program.

Naoki Ikuhara
Value Analysis Development Div.
Dispatch period: Apr.- Sep. 2012

New Study Dispatch Program Created for Young Employees

A new Study Dispatch Program was created to accelerate the development and enhance the skills of young employees. The first participants will be dispatched in January 2014.

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, gain understanding of different cultures, and improve their language skills in the workplace. Toyota already dispatches approximately 100 trainees to overseas subsidiaries each year, and with the creation of this new program, the number is expected to increase considerably.

Toyota's Basic Philosophy Regarding Diversity and Inclusion

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.

Full-time Toyota Employees (unconsolidated basis) As of March 31, 2012

	Male	Female	Total
Number of full-time employees	61,185	7,432	68,617
Average age	39.2	32.1	38.4
Average years of service	18.1	11.1	17.3

Promoting Various Measures to Create a Workplace Full of Vigor and Enthusiasm

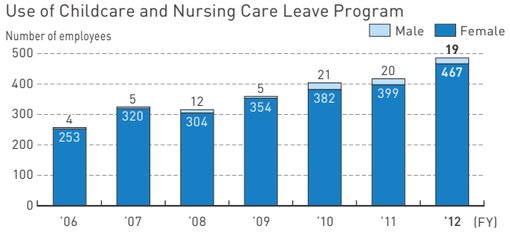
Toyota is currently working to establish various programs to help female workers balance work with childcare and to educate employees on effectively utilizing the programs while refining communication tools for these activities.

Trends in Number of Employees Taking Childcare and Nursing Care Leave and Using the Flexible Working Hours System in FY2012

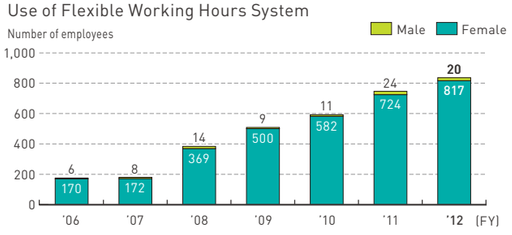
System	Male	Female
Childcare and Nursing Care Leave	19 (-1)	467 (+68)
Flexible Working Hours System	20 (–4)	817 (+93)

(Figures in brackets are comparisons with the previous fiscal year)

Use of Childcare and Nursing Care Leave Program



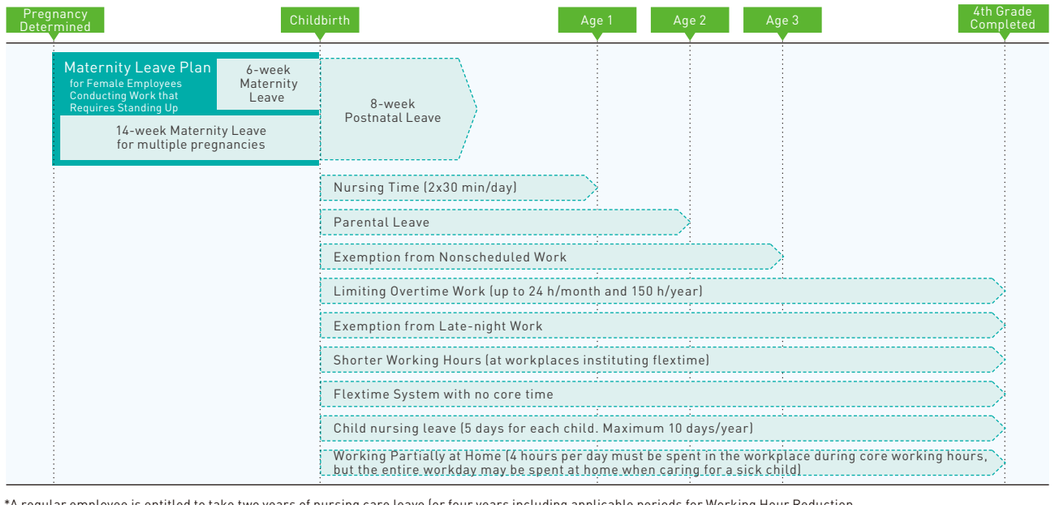
Use of Flexible Working Hours System



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	

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)

Focus

Creating an Environment for the Sound Growth of Children Based on Cooperation and Mutual Support

Takahiko Yamashita Project Manager, Project Planning & Management Div.

My twin boys were born in April 2008, and I immediately went on childcare leave. The work—which was doubled because we had twins—was harder than I expected, but seeing them grow every day was a valuable experience.

We received help from the boys' grandparents and neighbors, and everyone experienced the joy of watching them grow. Now, I take them to nursery school every morning. I efficiently use the limited time for my job, housework, and childcare, and with the cooperation and support from many people, we share a sense of accomplishment and fulfillment.

Overseas Officer's Keys to Success Are Strong Personal Relationships, Continuous Learning, and Taking Time away from the Job to Recharge

Cheryl Hughes Vice President, Toyota Motor Sales, U.S.A., Inc. (TMS)

After working in the automobile industry and in healthcare, I began working for TMS in 2000 and became vice president in 2008. I believe that it is important to continuously learn and improve and to respect the values of others while keeping one's own values. To produce results in work and achieve personal growth, the most important things are to take on new jobs and build strong personal relationships. To maintain balance in my busy life, I spend time relaxing with my husband on weekends and recharge. This increases my energy and enables me to engage in new projects with purpose and new sensibilities.

Female Employee Maintains Balance by Emphasizing Workplace Communications

Yuka Shinkai Assistant Manager, Accounting Div.

I've worked in accounting since I joined the company, and now I perform budget management work. I've taken childcare leave twice and take advantage of programs that support work-life balance, such as working part of the time at home, which enables me to continue working while raising my two daughters. When I returned to work, I straightforwardly told my supervisor how I wanted to work, and I place particular importance on daily communications with other team members. I strive to maximize my output by using my time in the office efficiently.

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 2013, 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
49.7%	52.1%	54.0%	60.1%

Job Placement Program for Over-sixties

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-sixties 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

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. The full-time staff appointment system gives 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 can also take the examination in their third year. Toyota plans to continue to promote appointment of fixed-term contract employees as full-time employees.

Respect for Diverse Religious Beliefs

PT Toyota Motor Manufacturing Indonesia (TMMIN), Toyota's production subsidiary in Indonesia, takes measures to respect the diverse religious beliefs of its employees. TMMIN believes that this enables each employee to work to their full potential in day-to-day operations and as a result, leads to higher competitiveness on the part of the company. Each TMMIN building has a mosque and a Christian place of worship, and various accommodations are made to enable employees to work in accordance with their beliefs.

Prayers in a mosque

A Christian place of worship

Employment of People with Disabilities

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 2013, the number of people with disabilities employed was 1,081, accounting for 2.08% of the entire workforce (including special-purpose subsidiaries) which is above the legal requirement of 2.0%. 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 operations in April 2009 with 28 people with disabilities and received certification from the Minister of Health, Labour and Welfare as a special-purpose subsidiary of Toyota Motor Corporation in October of that year.

Toyota Loops handles primarily Toyota's internal printing and mail services, but employment has increased as additional services were outsourced to the company, including issuing visitor or employee identification cards, consigned shredder operations, and issuing asset number labels. As of April 2013, Toyota Loops had 84 employees. 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 2011, Toyota Loops participated in the Aichi Abilympics for the first time (a technical skills competition for people with disabilities), and all three employees who entered won prizes. All four employees who entered in FY2012 won prizes, and one came in first place in the "Office Assistant" division and competed in the national event held in Nagano Prefecture.

The National Abilympics (Nagano Prefecture)

Number of employees (as of April 2013)	119
Employees with disabilities	84
Intellectually challenged employees	37
Employees with physical disabilities	31
Employees with psychological disorders	16
Number of people with disabilities accepted for practical training in FY2012	47 people from 31 groups
Number of people accepted for observation in FY2012	565 people from 39 groups

To Be Rewarded with the Smiles of Employees

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.

"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 June 2013. Approximately 350 participants attended including corporate executives. Teamwork and ties between participants were deepened by forming teams consisting of members who had never met before and holding an "Internal Prius Cup" while discussing the joy of driving.

Participants at a WE LOVE TOYOTA seminar

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 November 2012, the women's softball club won the league championship for the third consecutive time, and the women's basketball club, the Antelopes, won the Empress Cup in January of 2013.

The women's softball club after winning the league championship for the third consecutive time

The women's basketball club, the Antelopes, after winning the Empress Cup

Results of Employee Satisfaction Survey

Toyota believes that the greatest assets a company has are its people and that customer satisfaction cannot be achieved without employee satisfaction.

The employee satisfaction survey conducted in FY2012 on administrative and engineering employees revealed an affirmative response rate of over 70% regarding "satisfaction with company life" and "feeling that one's job is rewarding."

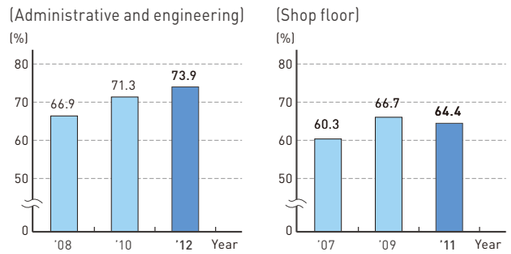
The most common reason given for "satisfaction with company life" was "work quality and level" while young employees in particular gave "experiencing a sense of personal growth " as the most common reason for "feeling that one's job is rewarding."

The results of the survey conducted in FY2011 on shop floor employees revealed that the number of employees who answered that they were satisfied was 64.4%, an affirmative response rate of over 60% despite the impact of the earthquake disaster.

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

This employee satisfaction survey is conducted every other year and its analyzed results are used in planning and executing measures to allow employees to work with confidence.

Results of Employee Satisfaction Survey



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

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.

Corporate Governance/Risk Management/Compliance

Corporate Governance

Toyota's 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, local communities and employees, and by supplying products that will satisfy customers.

Toyota has a range of long-standing in-house committees and councils responsible for monitoring and discussing management and corporate activities from the viewpoints of various stakeholders. 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.

In addition, Toyota has a unique corporate culture that places emphasis on problem solving and preventative measures, as well as an approach for building in quality through manufacturing processes, which enhances the quality of everyday operations and consequently strengthens corporate governance.

Systems for Ensuring Appropriate Management

In March 2011, Toyota announced the "Toyota Global Vision" and commenced "Visionary Management."

In April 2011, Toyota reduced the decision-making layers and at the general meeting of shareholders in June 2011, 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. Toyota believes that the Outside Directors will advise the company 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. Four of Toyota's seven 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.

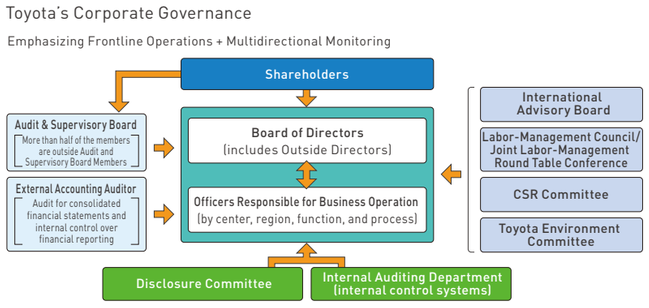
Basic Approach to Internal Controls

Toyota implements an internal control system based on the basic policies regarding measures related to internal controls established in May 2006, and works to reinforce that system as necessary by, for example, reviewing the system when changes are made to systems for conducting business.

For further information on Toyota's Basic Approach to Internal Controls, please see the webpage below:

http://www.toyota-global.com/sustainability/csr_initiatives/corporate_governance.html

Toyota's Corporate Governance



Risk Management

Toyota's Basic Philosophy Regarding Risk Management

In response to the series of quality-related issues that occurred in 2009, Toyota has been reinforcing its risk management systems. A Risk Management Committee 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.

Implementation Systems

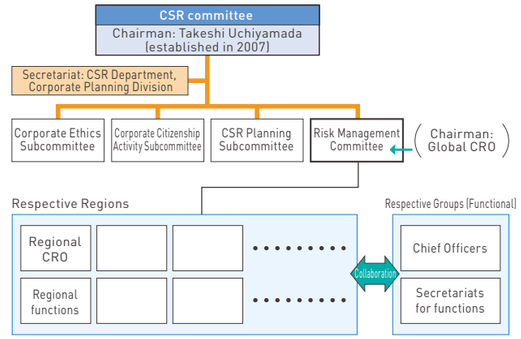
Appointment of Risk Management Personnel

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 Committee

The Risk Management Committee meets twice annually to identify all risks that may impede business activities and take action to prevent those risks. The Committee is chaired by the Global CRO, and its members include regional CROs and all Senior Managing Officers and Chief Officers. The Committee 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.

Organization of the Risk Management Committee



Compliance

Toyota's Basic Philosophy Regarding Compliance

The Guiding Principles at Toyota state 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 corporate citizen of the world." It is in this process that Toyota seeks to maintain compliance. In accordance with the Basic Approach to Internal Controls, Toyota is promoting initiatives centered on the construction of framework such as that for adopting and implementing the Code of Conduct and human resource development through education and other means. Toyota has also established consultation hotlines so no issues are overlooked and detailed responses can be made.

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.

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. Toyota also conducts seminars on business compliance regarding topics such as copyright, security control and products liability law as well as on-demand seminars on various topics conducted by lecturers who visit individual divisions as needed.

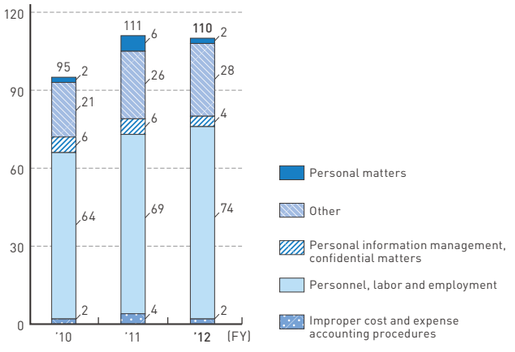
Corruption Prevention Measures

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.

The Compliance Hotline and Other Hotlines

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 in the chart below allows employees to have consultations concerning 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



Business Continuity Management at Toyota

Background of Business Continuity Management (BCM) at Toyota

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).

The major premise of Toyota's BCP is to work on recovery after disaster in the following priority order:

Toyota's Basic Guidelines
Priorities following a Disaster

1. Humanitarian aid (lifesaving first, relief)
2. Early recovery of the affected areas
3. Restoration of Toyota's operations and production

Humanitarian Aid

Immediately following the Great East Japan Earthquake, Toyota sent 60 employees and later a total of 140 employees to its production sites in the disaster-affected areas, where they engaged in various activities such as restoring facilities and distributing disaster-relief supplies. Employee volunteers of Toyota Group and Toyota-related companies are continuing to assist with restoration efforts for the people in the areas hardest hit by the disaster.

In 2011 and 2012, a total of 360 employees from 15 Toyota and Toyota-related companies implemented activities such as wreckage removal in the Kesen region of Iwate Prefecture. These activities are continuing this year as well.

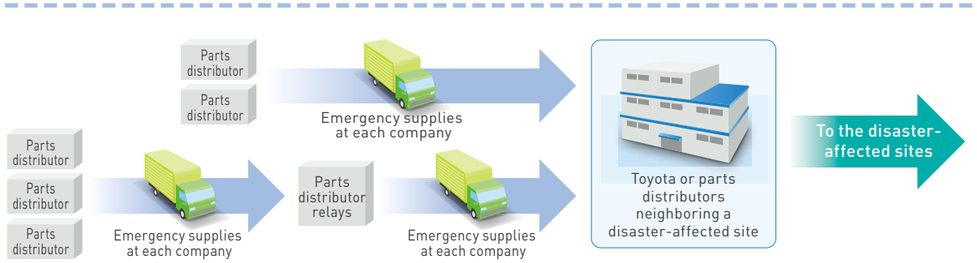
In addition to this type of human support, Toyota also provided material support. Eighty-seven 11-ton trucks filled with relief supplies from the Toyota Group and Toyota-related companies were gathered at two local production sites and distributed. Because severed communication infrastructures made it impossible to assess the situation in the disaster-affected sites from a distance, employees from the individual sites traveled to the disaster-affected sites along the coast to assess needs first-hand, then delivered the needed relief supplies (such as food, daily necessities, water and fuel) on their own.

Learning from such experiences, Toyota has prepared a nationwide framework for sending relief supplies to disaster-affected areas that utilizes the warehouses and logistics network of its parts distributors throughout Japan. In addition to stocking emergency supplies at the 34 parts distributors nationwide for use by their employees, Toyota has built a framework for sending such relief supplies to parts distributors in disaster-affected sites. Toyota is aiming to achieve fast and reliable support of disaster-affected sites taking into account such potential issues as gasoline shortage. For example, relief supplies will be sent via a parts distributor relay, depending on the distance to the disaster-affected sites.


Volunteer activities in the Kesen region


Material support

Logistics Support Network



Early Recovery of the Affected Areas

Collaboration with Disaster-affected Regions

On December 13, 2012, Miyagi Prefecture, Ohira Village, Toyota Motor Corporation (TMC), and Toyota Motor East Japan signed a cooperative disaster relief agreement designed to help build a disaster-resistant community through the utilization of plant facilities.

Overview of the Cooperative Disaster Relief Agreement

- Saving lives in the immediate disaster aftermath
- Providing temporary evacuation shelters
- Providing food, water, daily necessities, and vehicles
- Providing storage locations for relief supplies
- Providing disaster-related information at energy-independent facilities (Toyota East Japan Technical Skills Academy)


Agreement-signing ceremony

Comments From the Miyagi Prefectural Government

I would like to express our heartfelt appreciation to Toyota Group and all the Toyota-related companies for providing tremendous support toward our recovery from the Great East Japan Earthquake. The agreement we have just signed with TMC and Toyota Motor East Japan represents a new approach to cooperative disaster relief that will save lives and provide material support following a disaster, as well as making available company plants as temporary evacuation shelters. I believe this cooperative approach would work well as a model for all of Japan. We hope to continue strengthening our cooperation with TMC to enhance our community's ability to withstand disasters.


Masahiro Wako
Vice Governor of
Miyagi Prefecture

Vehicles that Excel and Prove Useful in Disasters

After experiencing the Great East Japan Earthquake, Toyota worked to address the issue of "energy, information and transport network fragmentation" when disasters occur, and developed hybrid and plug-in hybrid vehicles installed with external power supply systems.

In addition to providing good fuel efficiency and environmental performance during normal times, during disasters, these cars can be driven on gasoline or electricity, and also have a power supply function that allows electricity to be drawn from the automobile.

Toyota has made it possible to install two electrical outlets (AC 100 V, 1,500 W) inside the Prius and the Prius PHV. Moreover, Toyota installed connectors in the Prius PHV that allow power to be supplied to the outside even with the vehicle doors and windows closed.

PHV Introduction Examples


Miyagi Prefectural Police PHV patrol car

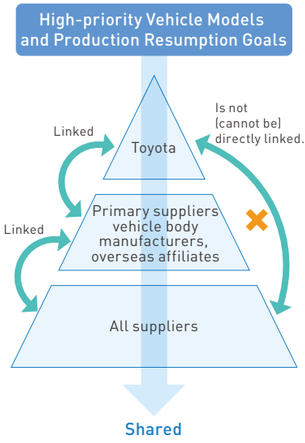
- Twelve PHVs were deployed at police boxes in Sendai City in FY2012.
- These PHVs can be connected to traffic lights or lights at evacuation shelters to power them during a disaster.

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 is reassessing its existing disaster-preparedness plan. Toyota plans to expand its activity scope 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 is also in the process of surveying 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.



Financial Information

Aiming to Achieve Sustainable Growth by Maintaining and Building on a Strong Earnings Base

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 ever-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 Our Financial Strategy

Growth

The focus of growth in automotive markets worldwide is likely to shift toward emerging markets and such fuel-efficient options as hybrid and compact vehicles. Toyota plans to invest efficiently and actively in these areas to respond to these changes and to ensure long-term sustainable growth. For example, we will prioritize the investment of management resources in the development of next-generation environmental technologies, such as fuel cells. We will also increase sales in emerging markets by strengthening locally produced models and building an optimized supply structure to realize a "50:50 sales ratio," with half of our sales coming from developed markets such as Japan, the United States, and Europe and the other half from emerging markets.

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. We will strive to further improve our earnings structure through efficient investment that emphasizes the areas in which we want to advance, including eco-cars and emerging markets.

Stability

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, including the development of next-generation technologies and the establishment of global production and sales structures, 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. In order to maintain sufficient capital reserves, we will continue to pursue improvements in capital efficiency and cash flow.

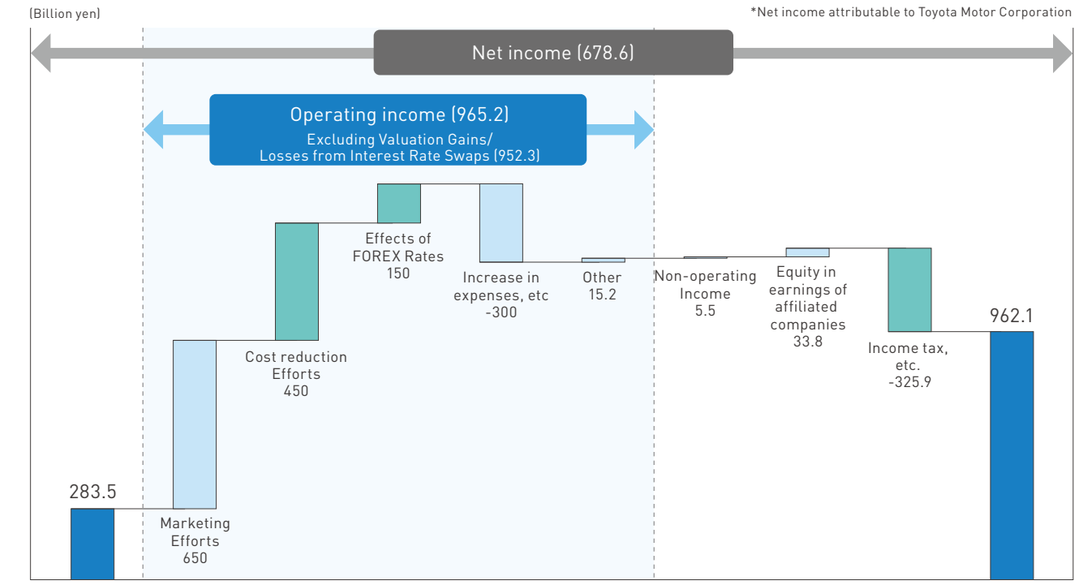
Summary of Business Results for FY2013

On a consolidated basis for the fiscal year ended March 31, 2013, vehicle sales increased 1.519 million units to 8.871 million units compared with the previous fiscal year. Net revenues expanded 3,480.5 billion yen to 22,064.1 billion yen, operating income grew 965.2 billion yen to 1,320.8 billion yen, and net income rose 678.6 billion yen to 962.1 billion yen. In addition to increased vehicle sales, operating income also received a significant boost from a drive to reduce costs undertaken together with our suppliers throughout the fiscal year as well as a weakening of the yen in the second half of the fiscal year.

We believe these results have positioned the company within reach of accomplishing its objective of creating a strong earnings base under the Toyota Global Vision announced in 2011.

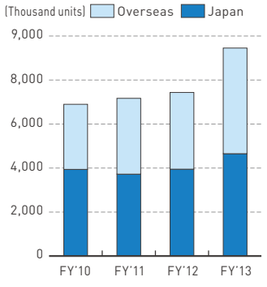
Consolidated basis	Year ended March 2013 (April 2012 through March 2013)	Year ended March 2012 (April 2011 through March 2012)	Compared to previous year	Reference: (Unconsolidated) year ended March 2013 (April 2012 through March 2013)
(1) Net revenues	22,064.1 billion yen	18,583.6 billion yen	18.7%	9,755.9 billion yen
(2) Operating income	1,320.8 billion yen	355.6 billion yen	271.4%	242.1 billion yen
(3) Net income	962.1 billion yen	283.5 billion yen	239.3%	697.7 billion yen
(4) Total assets	35,483.3 billion yen	30,650.9 billion yen	15.8%	11,234.7 billion yen
(5) Shareholders' equity	12,148.0 billion yen	10,550.2 billion yen	15.1%	6,772.0 billion yen
(6) Dividend per share	90 yen	50 yen	—	—

Analysis of Consolidated Net Income*

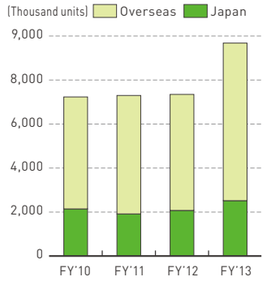


Performance Data (consolidated basis)

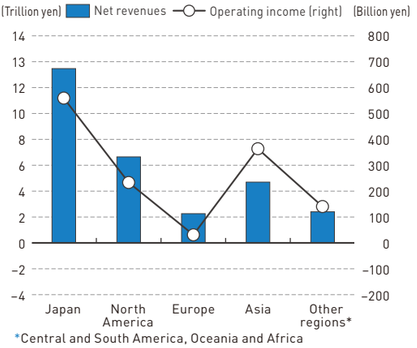
Vehicle Production



Vehicle Sales



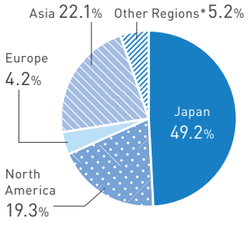
Net Revenues and Operating Income by Geographic Segment (FY'13)



*Central and South America, Oceania and Africa

Breakdown of Vehicle Production by Region (FY'13)

Consolidated total 8,698 thousand units



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Breakdown of Vehicle Sales by Region (FY'13)

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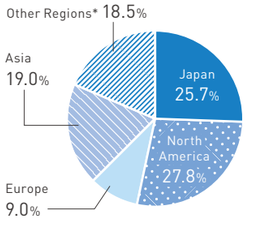
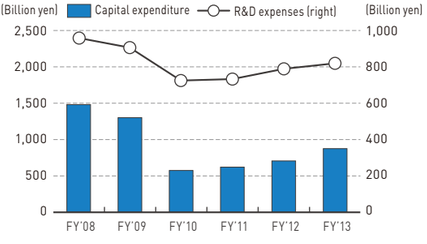


*Central and South America, Oceania and Africa, Middle East, etc.

Capital Expenditure and R&D Expenses



For further information please see the webpage below

http://www.toyota-global.com/investors/ir_library/annual/pdf/2013

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	FY2010	FY2011	FY2012
Always better cars	Overall	Vehicle sales (worldwide, consolidated)	Thousand vehicles	7,308	7,352	8,871
		Vehicle sales (Japan, consolidated)		1,913	2,071	2,279
		No. of Welcabs sold (Japan)	Vehicles	14,849	15,887	17,922
		Market share of Welcab (Japan)	%	67.6	68.5	71.0
		No. of Welcab models (Japan)	Models	28	30	29
	Quality	J.D. Power (US) Initial Quality Study (IQS) ranking No. 1	Segments	6	4	5
		Good Design Award	—	Passo, Etios	Ractis, Prius α, FJ Cruiser	Porte/Spade (Best 100), Aqua
		No. of calls to customer call centers (Japan)	Thousand calls	401	397	420
		Call response rate at customer call centers (Japan)	%	89.0	95.0	94.4
	Safety	No. of models that acquired NCAP 5-star safety rating — Japan	Models	—	1	1
		No. of models that acquired NCAP 5-star safety rating — U.S.		2	1	5
		No. of models that acquired NCAP 5-star safety rating — Europe		1	2	—
		No. of models that acquired NCAP 5-star safety rating — China		1	2	2
		U.S. IIHS Top Safety Pick models		8	17	21
		No. of vehicles with units capable of providing and gathering traffic information — No. of shipped vehicles fitted with VICS (cumulative)	Thousand vehicles	8,570	9,310	10,300
		No. of vehicles with units capable of providing and gathering traffic information — No. of vehicles registered as G-BOOK users (Japan, cumulative)		2,100	2,580	3,200
	Environment (products)	Annual sales of hybrid vehicles (worldwide)[1]	Thousand vehicles	691	629	1,219
		Cumulative sales of hybrid vehicles (worldwide)[1]		2,945	3,574	4,794
		Cumulative CO_2 emissions reduction effect of hybrid vehicles (worldwide)	Million tons	19	26	34.1
Enriching lives of communities	Environment — Contribution to a low-carbon society	Average fuel efficiency of Toyota vehicles (Japan, US, Europe)	Index with 1997 = 1 base value	1.34	1.33	1.43
		Global CO_2 emissions (from energy sources) (consolidated[2])	Million tons	7.18	7.23	7.59
		CO_2 emissions per unit produced (consolidated[2])	Tons/vehicle	0.85	0.83	0.77
		CO_2 emissions from Toyota Motor Corporation (TMC) logistics operations	Million tons	0.264	0.268	0.302
	Contribution to a recycling-based society	Total waste volume at TMC	Thousand tons	39.4	36.0	36.0
		Waste volume per unit produced at TMC	kg/vehicle	15.8	14.1	14.1
		Water consumption at vehicle assembly plants (consolidated[2])	Million m^3	28.1	26.9	29.2
		Water consumption at vehicle assembly plants per unit produced (consolidated[2])	m^3/vehicle	3.7	3.5	3.5
		Recycling/recovery rate — ASR	%	85	93	94
		Recycling/recovery rate — Airbag		94	94	94
		Vehicle recycling/recovery rate in Japan	%	97	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	%	4.5	4.0	2.3
		Total production in FY2012 that qualifies as SU-LEVs based on 2005 Exhaust Emissions Standards		95.1	95.5	97.4
		VOC emissions from TMC vehicle body painting processes (average for all lines)	g/m^2	27.8	21.0	20.0
	Environmental management	No. of violations of environmental laws and regulations (unconsolidated)	No. of violations	0	0	0
	Dealers/distributors and suppliers	No. of parts suppliers (worldwide total)	Companies	2,401	2,519	2,686
		No. of parts suppliers (overseas total)		1,975	2,056	2,242
		No. of non-Japanese parts suppliers		1,022	1,056	1,157
		No. of dealers (worldwide total excluding Japan)	Dealerships	8,247	8,474	8,725
		No. of countries sold to	Countries	173	176	176
	Contribution to local communities	Total expenses for social contribution activities (consolidated[2])	Billion yen	13.9	14.4	13.7
		No. of Toyota Community Concert participants	No. of visitors	33,500	26,000	35,600
		No. of Why/What Lecture participants		1,054	1,226	1,119
		No. of visitors to the Forest of Toyota		11,926	10,447	12,101
		Toyota Environmental Activities Grant Programs	No. of programs (cumulative)	193	214	233
Stable base of business	Employees	No. of foreign executives at Toyota Motor Corporation	Persons	5	5	7
		Local employees comprising management at overseas affiliates	%	52.1	54.0	60.1
		Non-Japanese CEOs/COOs in major overseas subsidiaries	%	52	46	46
		Female managers (unconsolidated) — Assistant manager or higher	%	2.2	2.4	2.6
		Female managers (unconsolidated) — Project manager or higher		0.7	0.7	0.9
		Employment ratio of people with disabilities (including special-purpose subsidiaries)[3]	%	2.067	2.045	2.08
		Employment of people with disabilities (including special-purpose subsidiaries)[3]	Persons	1,039	1,075	1,081
		No. of employees using the childcare and nursing care leave program (unconsolidated)	Persons	403	419	486
		No. of employees using the childcare and nursing care leave program (unconsolidated) — Male		21	20	19
		No. of employees using the childcare and nursing care leave program (unconsolidated) — Female		382	399	467
		No. of employees using the flexible working hours system (unconsolidated)		593	748	837
		No. of employees using the flexible working hours system (unconsolidated) — Male		11	24	20
		No. of employees using the flexible working hours system (unconsolidated) — Female		582	724	817

Area	Items		Unit	FY2010	FY2011	FY2012
Stable base of business	Employees	Frequency rate of lost workday cases (unconsolidated)	%	0.09	0.06	0.07
		Excessive BMI rate (unconsolidated)	%	25.2	26.9	26.7
		Smoking rate (unconsolidated)		33.6	31.8	30.9
		Full-time employees	Persons	69,178	68,961	68,617
		Full-time employees — Male		62,109	61,543	61,185
		Full-time employees — Female		7,069	7,418	7,432
		Average age	Years	37.8	38.1	38.4
		Average age — Male		38.6	38.9	39.2
		Average age — Female		30.6	31.5	32.1
		Average years of service	Years	16.8	17.0	17.3
		Average years of service — Male		17.5	17.8	18.1
		Average years of service — Female		10.3	10.5	11.1
		New employees	Persons	1,040	1,103	1,141
		New employees — Male		909	999	1,018
		New employees — Female		131	104	123
		New employees — Administrative		107	93	81
		New employees — Administrative — Male		74	69	60
		New employees — Administrative — Female		33	24	21
		New employees — Engineering		389	460	511
		New employees — Engineering — Male		362	443	476
		New employees — Engineering — Female		27	17	35
		New employees — Shop floor		629	550	549
		New employees — Shop floor — Male		553	487	482
		New employees — Shop floor — Female		76	63	67
		Re-employed retirees		942	798	679
		Employees who feel their own growth (unconsolidated)	%	70.6	72.6	74.8
		Employees who feel pride and loyalty (unconsolidated)[4]		72.3	78.1	79.0
		Employees who feel their jobs are rewarding (unconsolidated)[4]		76.6	68.3	79.0
		Employees who are satisfied with company life (unconsolidated)[4]		71.2	64.4	73.9
	Financial information (Consolidated)	Net revenues	Billion yen	18,993.6	18,583.6	22,064.1
		Net revenues — Japan		10,986.2	11,167.3	12,821.0
		Net revenues — North America		5,429.1	4,751.8	6,284.4
		Net revenues — Europe		1,981.4	1,993.9	2,083.1
		Net revenues — Asia		3,374.6	3,334.2	4,385.4
		Net revenues — Central and South America/Oceania/Africa		1,809.1	1,760.1	2,094.2
		Operating income (Operating income ratio: %)		468.2 (2.5)	355.6 (1.9)	1,320.8 (6.0)
		Operating income (Operating income ratio: %) — Japan		-362.4	-207.0	576.3
		Operating income (Operating income ratio: %) — North America		339.5	186.4	221.9
		Operating income (Operating income ratio: %) — Europe		13.1	17.7	8.6
		Operating income (Operating income ratio: %) — Asia		313.0	256.7	376.0
		Operating income (Operating income ratio: %) — Central and South America/Oceania/Africa		160.1	108.8	133.7
		Net income	Billion yen	408.1	283.5	962.1
		Shareholders' equity		10,332.3	10,550.2	12,148.0
		Total assets		29,818.1	30,650.9	35,483.3
		Net assets		10,920.0	11,066.4	12,772.8
		ROE	%	3.9	2.7	8.5
		Dividend per share	Yen	50	50	90
		Capital expenditures	Billion yen	642.3	706.7	852.7
		R&D expenses		730.3	779.8	807.4
		Vehicle production	Thousand vehicles	7,169	7,435	8,698
	Global Expansion	No. of plants and manufacturing companies — Japan	Plants and manufacturing companies	15	15	15
		No. of plants and manufacturing companies — North America		11	11	11
		No. of plants and manufacturing companies — Europe		8	8	8
		No. of plants and manufacturing companies — Asia and the Middle East		24	23	25
		No. of plants and manufacturing companies — Central and South America/Oceania/Africa		7	8	8
		No. of distributors[5] — North America	Distributors	5	5	5
		No. of distributors[5] — Europe		30	31	31
		No. of distributors[5] — Asia and the Middle East		32	32	32
		No. of distributors[5] — Central and South America/Oceania/Africa		106	111	105
	Governance	Outside Directors[6]	Persons	—	—	3
		No. of consultations made to the Compliance Hotline (unconsolidated)	Consultations	95	111	110
	CSR evaluation	FTSE4Good Index (listed)		○	○	○
		Global 100 Most Sustainable Corporations in the World (listed)	(ranking)	○(82)	○(21)	—

1. No. of hybrid vehicles sold is number of vehicles sold each year, not each fiscal year.
2. Toyota and consolidated subsidiaries in Japan and overseas (consolidated base differs by item).
3. No. of people with disabilities employed and their employment ratio are as of June each year.
4. The employee satisfaction survey is conducted every second year on administrative/engineering and shop floor employees.
   Results for 2010 and 2012 are of surveys conducted on administrative/engineering employees and those for 2011 are of surveys conducted on shopfloor employees.
5. The number of distributors is as of June .
6. Outside Directors were appointed at the Ordinary General Shareholders' Meeting held in June 2013.

ISO 26000 Comparison

Toyota participated in the developing of international standards regarding CSR—ISO 26000: Guidance on social responsibility—since its review stage as a member of the Japan committee representing the business sector.

We organized specific actions described in the report according to seven core subjects stated in the standards and made the ISO 26000 Comparison for your reference. We hope this will make the report more useful and easier for readers to understand.

Toyota works continually to enhance its CSR initiatives. Thank you for your understanding.

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CSR POLICY Comparison

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, in compliance 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

Third-party Opinion

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 had the opportunity to review Toyota Motor Corporation's Sustainability Report for the third consecutive year. I note that the president's message at the beginning of the report states, "We will examine social issues in collaboration with the people who live in those communities and work to carry out what Toyota can do and what Toyota is expected to do to help achieve growth of society and the planet." I understand this to mean that Toyota is committed both to achieving the sustainable growth of the company and contributing to the realization of a sustainable society.

In the section titled "Chairman Dialogue," Chairman Uchiyamada made a reference to a corporate culture within Toyota where it was believed that "If people simply look at our cars, they'll understand, so all we need to do is to continue making cars to the best of our ability," but the statement that "when awareness inside the company is different from that in society in general, external personnel can point this out to us" and the references to "we should convey more critical information and become an even more transparent company" indicate to me that positive changes have taken place in Toyota.

The method of reporting based on the three elements espoused in the Toyota Global Vision—always better cars, enriching the lives of communities, and a stable base of business—is unique and not seen in other companies, and I feel that the content has become more refined than in the past.

With regard to always better cars, it is commendable that customer feedback is the first issue addressed. The Report notes that 1.24 million people die in traffic accidents each year worldwide, making traffic accidents the eighth leading cause of death, and I noted with deep interest the description of the specific measures that Toyota is taking to achieve its ultimate goal of completely eliminating traffic casualties.

In the area of enriching the lives of communities, I focused on the reports regarding Toyota's new initiatives for collaboration with local communities in Tohoku, which is Toyota's third car manufacturing hub in Japan. I gained a solid understanding of Toyota's efforts in collaboration with the local community concerning *monozukuri* (manufacturing), human resource development, and infrastructure development. This style of management can serve as a model for other companies that seek to actively fulfill their social responsibilities, and I have high expectations for continued efforts and results. I also recognize the value of Toyota's prompt disclosures concerning issues of high social interest such as responses to SCOPE 3, efforts to rebuild, reuse, and recycle end-of-life hybrid vehicle batteries, and Toyota's policies and approaches towards conflict minerals.

The portion of the report dealing with labor practices as an aspect of establishing a stable base of business is unique to Toyota, and this year's report presented many examples of overseas initiatives. In the future, I would like to see specific examples of how this emphasis on human resource development leads to greater competitiveness. I would also like to see expanded disclosures concerning worker health and safety as well as diversity.

This is the third year that Toyota has indicated its performance using the key performance indicators (KPI) presented at the end of the report, and they appear to be taking root. In this year's report, the incorporation of KPI results at the beginning of each of the three main sections aids in understanding. In future issues, it would be beneficial if Toyota also disclosed analyses of issues concerning topics that are difficult to improve.

In subsequent reports, I would like to see more aggressive statements about the better future society that Toyota has in mind. There are references to various topics such as the mobility society that Toyota seeks to realize, partner robots, and investigations conducted through the WBCSD, but I feel that Toyota's position need to be more persuasive. Also, there are some portions of this year's report that stand out based on the structure, but I feel that Toyota has reached a stage where it can take the discussion of materiality to a deeper level and disclose both the process and results. I look forward to a report next year that will once again exceeds expectations.

Response to the Third-party Opinion

Shinya Kotera
Managing Officer
General Manager
Corporate Planning Div.

Thank you very much for your valuable comments concerning the Sustainability Report. This year's report retains from last year a structure arranged to reflect the Toyota Visionary Management that Toyota is currently carrying out. Mr. Adachi points out an issue regarding examples of how emphasizing human resource development contributes to competitiveness. Determining what is true competitiveness involves a process of trial and error, but clearly one crucial element is people. Since its foundation, Toyota has undertaken human resource development based on the idea that *monozukuri* is about developing people. I would like to present even more detailed information concerning these initiatives in future reports. With respect to "more aggressive statements about the better future society that Toyota has in mind," as a member of the mobility society and of local communities, we will strive to convey better and more comprehensible messages. We will also consider Mr. Adachi's other opinions and comments when we carry out Visionary Management as we work towards becoming a company that can be expected to contribute to the sustainable growth of society and the planet.