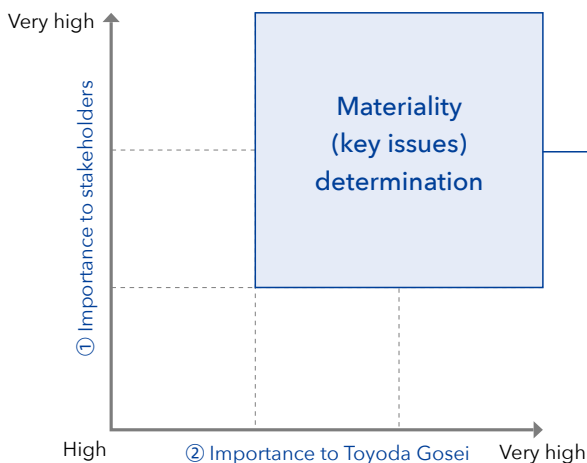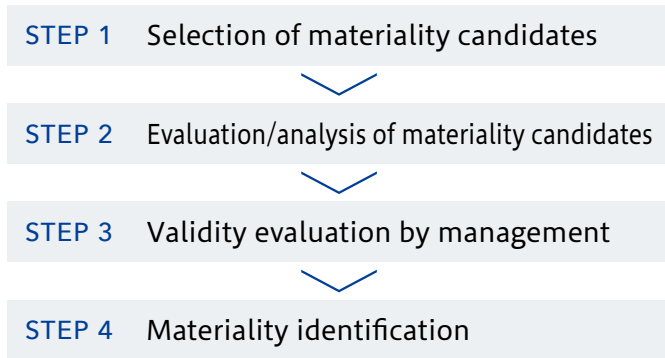# SDGs and ESG

Review of materiality (key issues)

With the company creed of "Boundless Creativity and Social Contribution," we contribute to a sustainable society through company growth. For this purpose, we will take initiative in helping to solve the global issues indicated in the UN Sustainable Development Goals (SDGs; shared goals that the international community aims to achieve by 2030), and in the area of ESG (environmental, social and governance), based on an appropriate governance system. We will meet the expectations of our stakeholders around the world, including customers, shareholders, investors, employees, and suppliers. In April 2020, we reviewed materiality based on growing interest in sustainability and narrowed our focus to the eight most important fields.

Materiality identification process

STEP 1	Selection of materiality candidates

STEP 2	Evaluation/analysis of materiality candidates

STEP 3	Validity evaluation by management

STEP 4	Materiality identification

① Importance to stakeholders
② Importance to Toyoda Gosei

Materiality (key issues) determination

① Expectations from stakeholders

- Contributions to SDGs
- Advancement of ESG activities
- Proper information disclosure (TCFD proposals, GRI standards)

② What we aspire to be

Boundless Creativity and Social Contribution
(Good corporate citizenship, Proper business operation, Sustainable growth, Customer satisfaction, Conservation of global environment and resources, Respect for the individual)

Most crucial fields in SDGs	
Business activities	
3 GOOD HEALTH AND WELL-BEING	Good health and well-being
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Industry, innovation and infrastructure
13 CLIMATE ACTION	Climate action
7 AFFORDABLE AND CLEAN ENERGY	Affordable and clean energy
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Responsible consumption and production
Management base	
8 DECENT WORK AND ECONOMIC GROWTH	Decent work and economic growth
10 REDUCED INEQUALITIES	Reduced inequalities
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Peace, justice and strong institutions

Materiality (key issues)	Major efforts
Contribute to a safer and more comfortable mobility society by responding to the transformation of automobiles and reducing the number of traffic fatalities	• Development of safety devices, such as airbag products for many different kinds of accidents • Development of simulation technology to create safety devices that correspond to various riding postures, from adults to children • Development of advanced safety technology for autonomous driving
Create new businesses that utilize core technologies	• Development of mobility products that are compatible with CASE/MaaS • Development and commercialization of e-Rubber applications (smart insoles, heart surgery simulator, etc.) • Development and commercialization of GaN power devices; development of space disinfectors, water purification units, and surface disinfectors using UV-C (deep UV) LEDs • Collaboration with startups with the aim of synergy in core technologies
Contribute to a decarbonized society by reducing emissions of CO_2 and other greenhouse gases	• Development and mass production of high pressure hydrogen tanks that are at the heart of fuel cell electric vehicles • Push for lighter weight products for higher fuel efficiency (lightweight panels, plastic fuel filler pipes, etc.) • Push for establishment and spread of innovative and energy-saving production techniques to achieve carbon neutrality • Revolutionary energy savings from higher productivity with the introduction of innovative technologies, daily *kaizen*, and IoT/AI • Introduction of solar power generation and other renewable energy
Contribute to a recycling-based society by reducing waste and water risks	• Push for waste reduction projects to minimize waste in production processes (effective use of weatherstrip scraps; search for ways to minimize scrap generated in plating processes) • Investigation of applications for rubber material recycling technology that uses rubber desulfurization and regeneration technologies • Push for product design that allows easy disassembly and product design and development with the use of environmentally-friendly materials • Push for *kaizen* and recycling for water usage loss by expert teams • Creation of products (eco bags, etc.) that use material remnants (airbag base fabric, leather, etc.)
Coexist with local communities by creating employment and contributing to society	• Raising of employees' job satisfaction based on engagement surveys • Reformation of the company atmosphere through efforts to improve communication ability at work • Business expansion and job creation in developing countries • Volunteer activities in cooperation with local governments and social welfare councils (companywide cleanups, community crime prevention, blood drives, on-site classes) • Push for activities for living with nature (woodland maintenance, plant afforestation, river and wetland preservation), under the slogan "Linking activities with water, the source of life"
Promote diversification in employment, protect human rights	• Development of human resources for global management (education program for future management candidates) • Creation of mechanisms to promote career advancement in female employees, so that they feel value in work • Review of personnel systems to promote the activity of senior workers • Hiring of people with disabilities in all Group companies and creation of pleasant workplaces • Explanatory meetings and practical training for supervisors and leaders on harassment prevention
Carry out thorough corporate governance and compliance as a company of integrity	• Activities for thorough compliance and risk reduction centered on the Compliance and Risk Management Committee • Strengthening of ability to handle risk by preparing risk management guidelines • Formulation of and education with the Toyoda Gosei Group Charter for Business Ethics and the Toyoda Gosei Guidelines for Business Ethics • Early detection and correction of legal violations and misconduct by establishing compliance consultation offices (inside and outside the company)