

Environment

We will dedicate our concerted strength to taking on the challenges of carbon neutrality, a circular economy, and being nature positive.

Hiroshi Yasuda

Chief of Carbon Neutrality and Environment Promotion Division



Contributing to Environmental Preservation through All Our Business Activities

Toyoda Gosei Charter for Global Environmental Conduct

We will strive to conduct business activities in a way that takes into account and contributes to the preservation of the environment throughout the entire product lifecycle, from materials procurement to disposal, in order to achieve carbon neutrality, a circular economy, and nature positivity.

We will also maintain an environmentally-conscious mindset as a member of the local community and collaborate with stakeholders to undertake conservation activities.

TG2050 Environmental Challenge

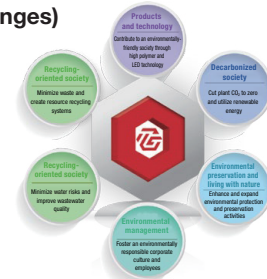
The Toyoda Gosei Group specializes in the field of rubber and plastic polymers. Our symbol is the benzene ring, a hexagonal hydrocarbon structure that is the starting point for polymers. Borrowing from the six sides of the benzene ring, the TG2050 Environmental Challenge sets six challenges to enhance our environmental efforts with a long-term view to the year 2050.

As a roadmap to achieve that, we have formulated a five-year Environmental Action Plan and are actively working toward its implementation. Furthermore, in August 2023, we announced our decision to accelerate the achieving of carbon neutrality (Scopes 1 and 2) from 2050 to 2030 to enhance our response to climate change issues.

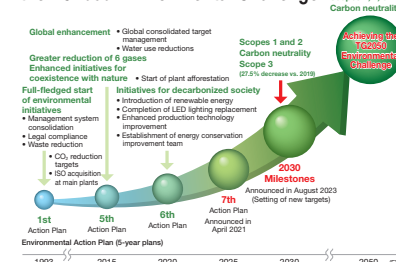
Environmental Code of Conduct

1. Promote business activities that take into account and contribute to the preservation of the environment
2. Promote environmental management and compliance with environmental laws and regulations
3. Collaborate with stakeholders in environmental initiatives
4. Proactively disclose information in accordance with global standards

TG2050 Environmental Challenge (6 Challenges)

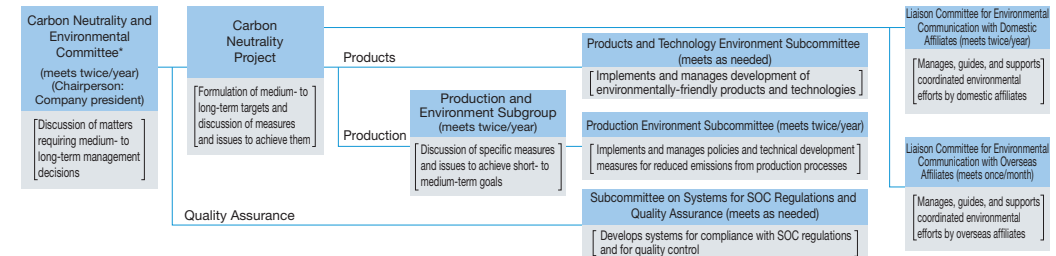


Medium- to Long-Term Scenarios for Achieving the TG2050 Environmental Challenge



Environmental Organization

Environmental Organizational Structure

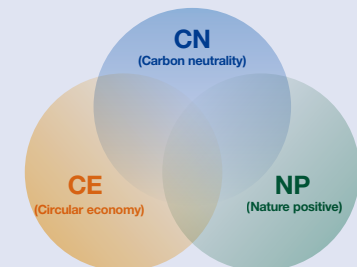


* The Carbon Neutrality and Environmental Committee is positioned within the organization as shown in the Corporate Governance System chart (see p. 59), and the deployment of policies from the Carbon Neutrality and Environmental Committee, the Production and Environment Subgroup, and the respective subcommittees to plants and other operations is done by establishing expert committees in accordance with the ISO 14001 system at each plant.

Recent News

Formulation of the 8th Action Plan Now Underway

Now that we have established a clear path to achieving the goals of the 7th Environmental Action Plan, we are currently formulating the 8th Environmental Action Plan for the period from 2026 to 2030. This plan aims to accelerate the achievement of carbon neutrality, a circular economy, and being nature positive.



High Marks from CDP: Working to Further Enhance Environmental Activities

We received our first-ever "A" score, the highest possible rating, in the corporate survey conducted by CDP^{*1}, an international environmental non-profit organization. In supplier engagement evaluations, we were selected for the Leaderboard, a distinction reserved for those with the highest assessments, for the sixth year running. We also received a Leadership Level^{*2} rating of A- (A minus) in the area of Water Security.

To further enhance our environmental activities, we identify issues, make improvements, and strive for a higher level of overall performance.



^{*1} A UK-based non-profit organization (NPO) that has major companies and cities around the world disclose information on how they are addressing issues such as climate change and water management, which it then analyzes and evaluates. The organization conducts its investigations with the support of institutional investors and is one of the most trusted rating organizations among investors.

^{*2} Four evaluation levels are defined based on ratings: A and A- (Leadership Level), B and B- (Management Level), C and C- (Awareness Level), and D and D- (Disclosure Level).

Environment

Building a Decarbonized Society

In order to achieve the Paris Agreement's goal of limiting the global average temperature increase to 1.5°C above pre-industrial levels, greenhouse gas emissions must be reduced to virtually zero by 2050. Toyota Gosei recognizes societal demands for transitioning to a decarbonized society, supports the climate change countermeasures established under the Paris Agreement, and is working to bolster its environmental initiatives accordingly.

Disclosure of Strategy and Other Information Based on TCFD Recommendations

In May 2019, we expressed our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and conducted a scenario analysis of risks, opportunities, and responses based on the Guide. We are accelerating our efforts across our business activities and proactively disclosing relevant information, including incorporating the results in our 2030 Business Plan and reviewing our TG2050 Environmental Challenge and 2030 milestones.



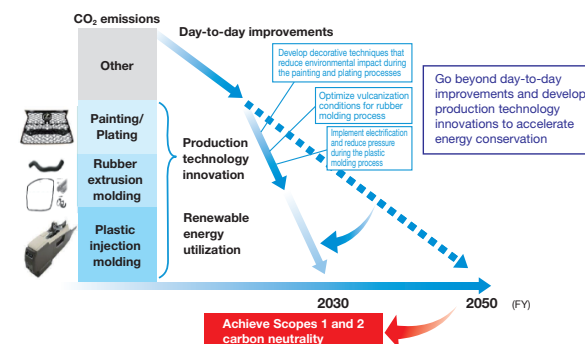
For initiative details, refer to our website.

Initiatives to Achieve Carbon Neutrality

In 2023, we formulated an action plan to achieve carbon neutrality for CO₂ emissions (Scopes 1 and 2) we produce through our production and other activities, with the goal of realizing net zero CO₂ emissions throughout the entire value chain by 2050. To achieve this, we are accelerating daily improvements and production technology innovations to minimize energy consumption. When updating equipment, we are actively making environmental investments by introducing Internal Carbon Pricing (ICP) to facilitate the transition to a decarbonized society.

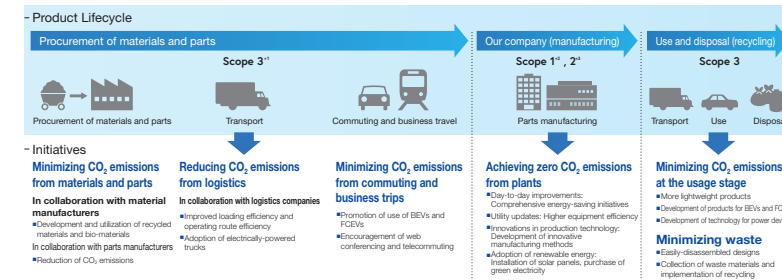
Also, we are utilizing renewable energy sources, such as green power, to meet necessary energy demands. We are reducing CO₂ emissions throughout the entire product lifecycle (Scopes 1, 2, and 3) by improving the productivity and efficiency of logistics, in addition to more lightweight designs for products leading to even higher vehicle fuel efficiency.

Initiatives to Achieve Carbon Neutrality



Initiatives to Reduce CO₂ Emissions in the Value Chain

— Toward Carbon Neutrality in the Value Chain by 2050 —

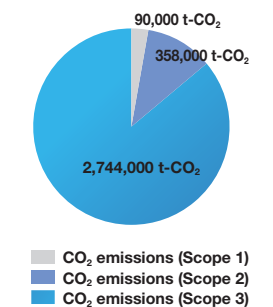


*1 GHG emissions in the supply chain indirectly emitted by the company (e.g., raw material production, transportation, business trips, commuting)

*2 GHG emissions directly emitted by the company itself (e.g., fossil fuels, natural gas)

*3 GHG emissions indirectly emitted by the company (e.g., purchased electricity)

CO₂ emissions for FY2023 Global



Collaborations with Suppliers

We have formulated our medium- to long-term goals so that they are in line with achieving carbon neutrality by 2050, and we are focusing on helping approximately 125 key domestic suppliers make progress on their own carbon neutrality roadmaps.

In FY2024, we held individual briefing sessions for approximately 30 suppliers whose carbon neutrality progress had fallen behind schedule, and visited seven key suppliers to discuss issues and provide support. We have also begun expanding our initiatives in Japan to a global scale, sharing information and providing support through monthly regular meetings as we work toward decarbonization across our entire supply chain.



Obtained International Certification for Decarbonization (SBT Certification)

In November 2023, we obtained certification from the Science Based Targets initiative (SBTi), an international initiative, recognizing our 2030 targets as being aligned with the Paris Agreement's objectives.



SBT Certification Targets Our FY2030 CO ₂ Reduction Targets (Compared to FY2019 levels)		SBT Standard
Scopes 1 + 2	-46.5%* ¹	-46.2% or more (1.5°C level)* ²
Scope 3 (Category 1)	-27.5%	-27.5% or more (WB2°C level)* ²

*¹ The 2030 target aims to achieve carbon neutrality by combining renewable energy and other measures.

*² Refers to CO₂ reduction levels aligned with global warming targets, where "1.5°C level" means keeping temperature increases below 1.5°C, and "WB2°C level" means well below 2°C.

Environment

Building a Recycling-Oriented Society

In order to mitigate resource depletion and water risks, we not only take measures for defects and yield, which are the focus of our manufacturing divisions, but also work on emission control and recycling involving material and production technologies in the sourcing divisions for contributing to the attainment of a recycling-oriented society. For water, we identify risks in each location where we conduct business globally while also striving to reduce risks by reducing water usage, recycling water, and returning cleaner wastewater to the community.

Risks and Opportunities Related to Resource Recycling

We consider risks and opportunities related to resource recycling as important management issues, and we are working on them company-wide as one of our priority issues to be addressed.

Issue	Risks	Opportunities	Measures
Resource depletion (shortage)	<ul style="list-style-type: none">Reduced earnings and production hindered by difficulty in procurement of raw materials and price hikes	<ul style="list-style-type: none">Improved earnings through recycling technology and reduced material usage volumeImproved corporate value through development of the above-mentioned technologies	<ul style="list-style-type: none">Development of more lightweight productsDevelopment of recycling technology for raw materialsExpanding the use of plant-derived biomaterials and recycled materials
Water risk (quantity and quality)	<ul style="list-style-type: none">Production hindered by difficulty in securing water necessary for productionDrop in product quality due to deterioration in water qualityProduction hindered by water damage	<ul style="list-style-type: none">Improved earnings through reuse of water and reduced water usageImproved corporate value through development of the above-mentioned technologies	<ul style="list-style-type: none">Development of water reuse technologyExpanding the use of rainwaterReview of production system and installation locations of electrical facilities

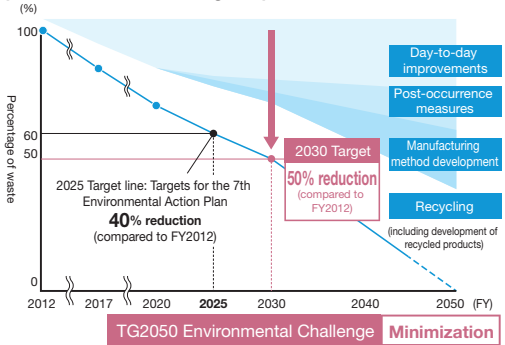
Reduction of Industrial Waste

Establishment of 2030 Milestones

To minimize waste volumes by 2050, we have set a medium-term target of halving waste by 2030 and are taking action accordingly.

Specifically, we are working to reduce industrial waste through measures such as curbing emissions, addressing sources of waste, recycling rubber and plastic scraps, and ensuring thorough sorting to maximize resource utilization.

Scenario for Minimizing Amount of Industrial Waste (Waste Reduction Diagram) (Non-consolidated)



Milestones for Minimizing Waste Volume (Global)

Item	2025	2030	2050 (FY)
Toyoda Gosei	Compared to FY2012: 40% reduction	Compared to FY2012: 50% reduction	Minimization of waste volume
Overseas affiliates	Compared to FY2015: 50% reduction	Compared to FY2015: 55% reduction	

Development of Product Recycling Technology

We develop and design easily-recyclable products and materials by taking into consideration the entire lifecycle of automobiles. We are also developing recycling technology for waste material and ELV parts.

Technology Development for Recycling ELV*1 Parts

Key Item	Measures Implemented
New recycling	<ul style="list-style-type: none">Composite material separation technologyNew recycling technology (high-quality material recycling)
Use of recycled materials in vehicles	<ul style="list-style-type: none">Devulcanization technology for waste materials and ELV partsDevelopment of uses for recycled materials
Design of easily-recyclable products	<ul style="list-style-type: none">Product design for easy dismantlingMaterials and composition changes for easy recycling

*1 ELV: End-of-life vehicle

Effective Use of Resources

We are developing products that make effective use of scraps and waste materials, such as those from airbags and cowhide, which are necessarily generated in the course of production activities. We have also launched Re-S (pronounced “reez”) as the brand under which the products developed through these efforts are sold.

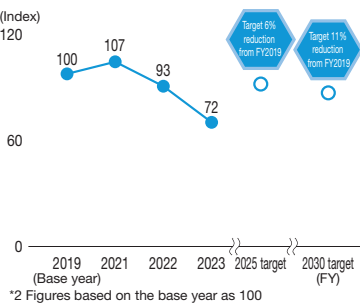


Reducing Water Risks

In terms of water necessary for business activities, we comply with the laws and regulations established by each country. Also, we are assessing risks in both water usage and water quality in Japan and international locations, and making improvements at high-risk locations.

Even at low-risk sites, we are working to reduce water intake amounts by implementing measures such as utilizing rainwater. We are also working to systematically upgrade our wastewater treatment facilities to produce even cleaner wastewater.

Water intake per unit sales (index*2) (Non-consolidated)



*2 Figures based on the base year as 100

Milestones for Minimizing Water Risk (Global)

Item		2025	2030	2050 (FY)
High-risk areas	Water quality (4 sites)	Measures implemented at 2 sites	Measures implemented at 4 sites (all sites)	Minimization of water risk
	Water intake amount (7 sites)	Measures implemented at 3 sites	Measures implemented at 7 sites (all sites)	
Low-risk areas		Compared to FY2019: Water intake per sales unit: 6% reduction	Compared to FY2019: Water intake per sales unit: 11% reduction	

Environment

Environmental Preservation and Building Environmentally-Friendly Societies

To develop products and processes that are people- and planet-friendly, we are stepping up efforts to improve how we select and manage chemical substances while working to enhance our environmental management practices in accordance with ISO 14001, such as by ensuring compliance with domestic and international laws and regulations and meeting customer standards. Based on the “nature positive” concept, we have set coexistence with local communities as one of the key issues (materiality) to conserve biodiversity, and are working on woodlands creation, building of biotopes, and conservation initiatives for tidal flats.

Environmental Preservation

Management of Environmentally-Impactful Substances

We manage substances subject to laws and regulations in each country and region, substances subject to voluntary restrictions by automakers, and other substances independently restricted by Toyota Gosei by classifying them into three levels: Prohibited, Reduced, and Managed. We are also putting in place a framework that enables us to effectively keep pace with trends in evolving regulations such as the EU REACH Regulation*1 and the EU RoHS Directive*2.

*1 “Registration, Evaluation, Authorisation and Restriction of Chemicals,” a regulation concerning chemical substances and their safe use, handling, and applications *2 “Restriction of Hazardous Substances,” a directive that restricts the use of certain hazardous substances in electrical and electronic equipment

Trends in Environmental Regulations

Regulations and rules governing chemical substances are being expanded and strengthened to reduce the risks to human health and the environment posed by their manufacture and use, and to support the transition to a circular economy.

	1990s and earlier	2000s	2010s	2020s	2030 and beyond
	Hazard management (Use prohibitions and restrictions)		Risk management (Preventive measures based on the combined assessment of hazard and exposure)		Efforts toward a recycling-oriented economy (Information disclosure and registration obligations)
Europe	★ 67/548/EEC ★ 76/769/EEC	★ European ELV Directive ★ EU POPs Regulation ★ REACH Regulation		★ EU POPs Regulation revisions ★ BPR Regulation	★ European ELV Regulation
North America	★ TSCA (USA) ★ CEPA (Canada)	★ Proposition 65 (California) ★ CEPA (Canada) revisions	★ TSCA (USA) revisions	★ Flame retardant regulations (California) ★ Act to Stop PFAS Pollution (Maine)	★ Proposition 65 (California) revisions
Asia	★ Enactment of Chemical Substances Control Law (Japan) ★ Revisions of Chemical Substances Control Law (Japan) ★ Toxic Chemicals Control Act (South Korea) ★ Hazardous Substance Act (Thailand)	★ Revisions of Chemical Substances Control Law (Japan) ★ 4SOC/JAMA targets (Japan) ★ ELV regulations (South Korea and China)	★ Act on Preventing Mercury Pollution of the Environment (Japan) ★ Taiwan/Korea REACH		★ BIS Standards (India)

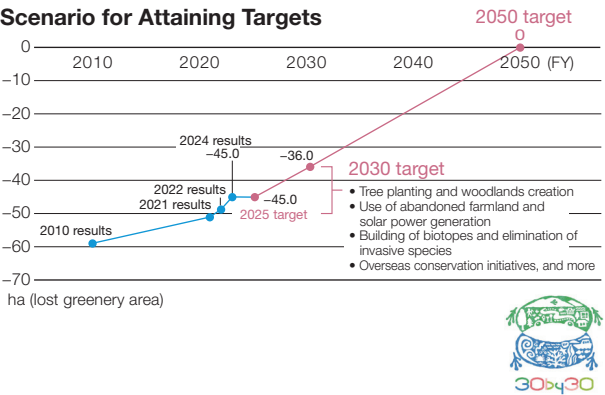
Compliance and “Zero Abnormalities, Zero Complaints” Environmental Initiatives

Our environmental inspections are conducted on a regular basis by specialized divisions. We are also carrying out preventive initiatives as risk countermeasures, such as holding Environmental Conservation Working Group meetings. In addition, we analyze cases of problems that have occurred at other companies and conduct inspections of our own equipment that is similar to the equipment in these cases, including at our domestic and overseas affiliates, to ensure such incidents do not occur within our own operations. There were no environmental abnormalities in FY2024.

Environmentally-Friendly Societies

Conservation Initiatives

We have set a “No Net Loss of Greenery” goal of restoring 59 hectares of greenery by 2050, which is equivalent to the area of our plants, and are conducting initiatives to achieve this goal. Specifically, under the slogan “Connecting Activities with Water, the Source of Life,” we are conducting initiatives in the areas of mountains, rivers, and oceans. Among these efforts, the biotope maintained on the Company premises has been recognized as a biodiversity conservation area, designated as a “Nature Coexistence Site” by the Ministry of the Environment.



■ Connecting Activities with Water, the Source of Life

From Source (Mountains) to Downstream (Sea): Protecting the Water Used in Our Plants

- Nurturing rare and endangered species
Protecting rare species through biotope creation
 - Plant afforestation
 - Biotope development
 - Biotope development at the Heiwacho Plant regulating ponds
- Creating rich forests that nurture abundant water
Woodlands creation: Toyota Gosei “Kimori-no-Sato”
Toyota Gosei “Mutsumi-no-Sato”
 - Underbrush clearing (June, September, October, March)
- Protecting aquatic life in local regions
Elimination of invasive species
 - Elimination of invasive lancehead coreopsis (June)
 - Environmental education through nature observation
 - Eco tours (June)
- Nurturing life in clean seas
Environmental preservation of tidal flats
 - Fujimae Tidal Flat conservation activities (May, October)

Disclosure of Strategy and Other Information Based on TNFD Recommendations

In June 2025, following a framework based on the recommendations of the TNFD (Taskforce on Nature-related Financial Disclosures, an international initiative for the conservation of biodiversity), we disclosed on our website the risks, opportunities, and actions taken related to the natural environment that arise from our business activities. We have also registered on the TNFD website as a company that has declared its intention to disclose information in line with the TNFD’s recommendations (a “TNFD Adopter”), and we will continue to strive toward more transparent disclosure of information related to our environmentally-conscious business activities.

For initiative details, refer to our website.

