# Risk and opportunity associated with climate change and resource depletion

The risks and opportunities associated with climate change and resource depletion are recognized as an important management issue. From a global perspective based on laws, regulations and trends, we are strengthening our responses to the overall financial and social risks from the effects on economic and production activities of more drastic abnormal weather, changing precipitation patterns, droughts and floods.

	Risk	Opportunity	
Climate change	Please visit our website to see the results of our scenario analysis. https://www.toyoda-gosei.com/csr/environmental/report11/		
Resource recycling	Effects of water shortages and floods on production activities	Cost reductions from re-use and decreased use of water	
	Cost increases from difficulty in procuring materials, soaring material prices	Cost reductions from recycling technology, use of fewer materials	
Management (regulatory compliance)	Loss of trust in the company due to environmental problems, including legal violations, and insufficient efforts to protect the environment	Increase in brand strength from enhanced environmental activities	
Biodiversity	•Rising prices for raw materials due to decline in natural resources •Decreased product quality due deteriorating water quality	Business continuity by protecting nature to ensure human resources and raw material     Securing quality water resources with forest maintenance, river conservation	

#### Resource utilization and environmental emissions in business activities

To lessen the amount of energy, material and other resource inputs, and maximize product output, we are utilizing our skills in product development, process development and workplace kaizen in efforts to

improve through business activities.

The input resources we use include environmentally friendly materials and clean energy.

### **INPUT**

Total material input 39,248t Plastic 25,913t	Rubber (rubber sheets) 13,335t Excluding purchased parts, metal and liquid			
Total energy input 2,261,000GJ <sup>-1</sup> Purchased electricity 1,470,000GJ Renewable energy 19,000GJ City gas 650,000GJ LPG 1,000GJ	Heavy oil 5,000GJ Kerosene 0GJ LNG 110,000GJ Gasoline 1,000GJ			
Water resource input 1,140,000m Industrial water 641,000m	Clean water 189,000m Underground water 311,000m			
PRTR*2 substances usage 525t				

- \*1 Gigajoule (1,000,000,000 joules)
- \*2 Pollutant Release and Transfer Register
- \*3 Sulfur oxide
- \*4 Nitrogen oxide
- **Busines** activitie
  - \*5 Volatile organic compounds
  - \*6 Subject operations: 4 plants of Haruhi, Inazawa, Heiwacho and Seto, Kitajima Technical Center, Miwa Technical Center and Sun-Court Inoguchi

### **OUTPUT**

	Products		
ss es	Emitted into the atmosphere CO <sub>2</sub> 93,000t-CO <sub>2</sub> 6 gases 2,000t-CO <sub>2</sub> SOx* <sup>3</sup> 0t	NOx*4 92t Dust 0t Volume of substances subject to PRTR 77t VOC*5 emissions 230t	
	Waste discharge Landfill waste 0t Incinerated waste 1t	Industrial waste and general waste 5,927t For-profit disposal by sale 6,032t Volume of substances subject to PRTR 41t	
	Wastewater Total wastewater 870,000m Volume of substances subject to PRTR 0.1t	Nitrogen emissions*6 8.8t Phosphorus emissions*6 0.6t COD emissions*6 4.3t	

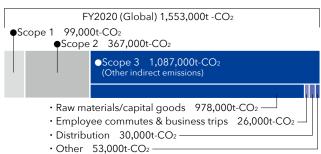
## Environmental impact in the value chain

From the perspective of preserving the earth, we have surveyed and disclosed not only GHG emissions (Scope 1,\*7 Scope 2\*8) in our business activities but also emissions in our entire value chain including excavation of raw materials and product use and disposal (Scope 3\*9). Our Carbon Neutrality Project was inaugurated in FY2021 to improve the accuracy of Scope 3. Together with this, we have established milestones and created scenarios for carbon neutrality.

#### \*7 Greenhouse gas emissions emitted directly by the company itself (natural gas and other fossil fuels, etc.)

\*8 Indirectly emitted greenhouse gases (electricity, etc.)

#### CO<sub>2</sub> emissions by scope level



<sup>\*9</sup> Greenhouse gases emitted in the supply chain that are indirectly emitted by the company (manufacturing, transport, business travel, commuting, etc.)