

Environment

Taking on the challenge of carbon neutrality and a circular economy with the concerted strength of the Toyoda Gosei Group

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Global warming, resource depletion due to mass production and disposal, and waste problems have become shared issues worldwide. Under our slogan of “A Greener, Richer World for Our Children,” Toyoda Gosei is accelerating its efforts by bringing together the entire Group to realize carbon neutrality and a circular economy as soon as possible by maximizing its strengths in rubber and plastic polymer technologies in both production and products.

Contributing to Environmental Preservation through All Our Business Activities

Basic Philosophy

The Toyoda Gosei Group formulated its 1st Environmental Action Plan in 1993 based on its Environmental Policy, and since that time has been actively confronting environmental issues. In February 2016, we announced our long-term targets in the TG2050 Environmental Challenge, and have set milestone targets to be reached by 2030. We have also formulated a five-year action plan in which activity items

and targets are set and are carrying out activities to preserve the environment. Globally, we have placed integrated environmental functions in the regions of the Americas, China, ASEAN, and India. The Group is also making efforts as a whole with area control in five global regions, the above four plus Europe/South Africa. These efforts are made in conjunction with government agencies, customers, and suppliers.

Environmental Policy

1. Environmentally-friendly business activities

We are keenly aware that all stages of our business relate deeply to the environment, from development, production, and sales to end-of-life disposal. The Toyoda Gosei Group, including all internal departments, domestic and international affiliates, and suppliers, conducts all business activities with concern for the environment in cooperation and coordination with customers, government authorities, and others.

2. Good corporate citizenship

As a good corporate citizen, we participate in, support, and cooperate with environmental activities by many groups while also working on environmental activities in the community and broader society. We also provide education for all employees to support them in becoming involved in environmental activities as members of the community and society, and support social contributions and volunteerism.

3. While spreading information on these initiatives, we listen to the opinions of people at all levels of society and work to improve our initiatives wherever we can.

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

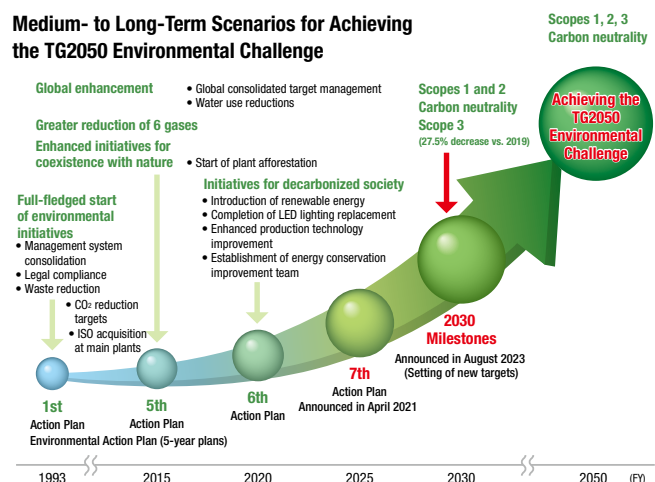
achieve that, we have formulated a five-year Environmental Action Plan and are actively working toward its implementation. Furthermore, in August 2023, we announced our decision to accelerate the achieving of carbon neutrality (Scopes 1 and 2) from 2050 to 2030 to enhance our response to climate change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

Environmental Action Plan | Toyoda Gosei (toyoda-gosei.com)

TG2050 Environmental Challenge (Six Challenges)



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

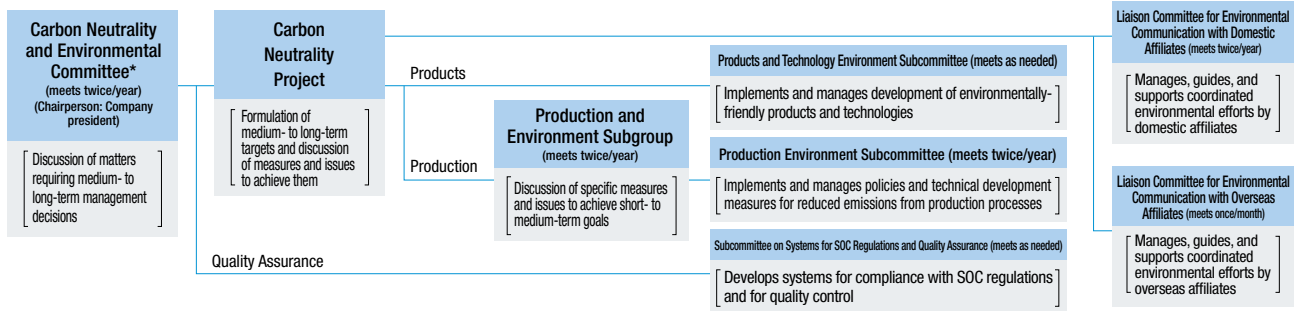


■ Implementing Organization

Our medium- to long-term policy and key action items are discussed and decided in a Carbon Neutrality and Environmental Committee chaired by the company president. The Carbon Neutrality and Environmental Committee consists of three subcommittees in the areas of products, production, and quality. In the area of production, a Production and Environment Subgroup has

been established to enhance environmental initiatives over the entire manufacturing process. As a subordinate organization under the subcommittee, we have established a working group to implement activities aimed at reducing environmental impact and prevention by reducing energy consumption, improving energy efficiency, and minimizing waste and water intake.

Environmental Organizational Structure

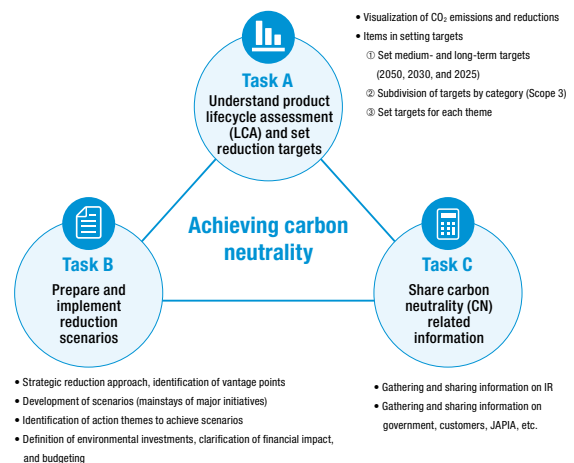


* The Carbon Neutrality and Environmental Committee is positioned within the organization as shown in the Corporate Governance System Chart (see p. 71), and the deployment of policies from the Carbon Neutrality and Environmental Committee, the Production and Environment Subgroup, and the respective subcommittees to plants and other operations is done by establishing expert committees in accordance with the ISO 14001 system at each plant.

■ Carbon Neutrality Project

Led by the president, with outside directors serving as advisors and relevant department heads as core members, we have launched a cross-departmental carbon neutrality project. This project enables swift decision-making and action across the entire product lifecycle.

System	With the president at the top, the project leader is the vice president, and the core members consist of department heads and above. This is a system that enables speedy and immediate managerial decisions and their implementation.
Initiative	Each task is led by the head of the relevant department to carry out the initiative.

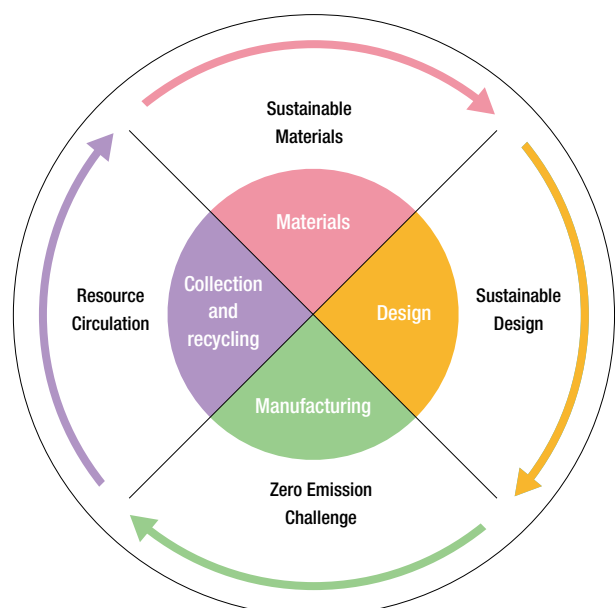


■ Strategy on Carbon Neutrality and Circular Economy

We have established a strategy on carbon neutrality and circular economy for the entire product lifecycle and are implementing initiatives for achieving it. We have set Sustainable Materials, Sustainable Design, Zero Emission Challenge, and Resource Circulation as our goals, and have incorporated them into specific content from four perspectives, and in this way, we aim to realize carbon neutrality and a circular economy and link it to viable businesses.

Materials	We will strive to procure recycled materials for also ensuring stable supply and expand the use of bio-materials.
Design	We will strive to develop lightweight designs, easily-disassembled designs, compact designs, and other improvements.
Manufacturing	In addition to day-to-day improvements, we will also study the adoption of innovative processes, such as process downsizing and reduction of heat energy, as well as the use of hydrogen.
Collection/recycling	We will systematically minimize waste in our plants and build a system to collect parts from the market.

Strategy on Carbon Neutrality and Circular Economy



Building a Decarbonized Society

■ Basic Philosophy

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. The Company recognizes societal demands for transitioning to a decarbonized society and supports the agreements on climate change countermeasures established under the Paris Agreement. In August 2023, we set a new goal to accelerate the achieving of carbon neutrality for CO₂

emissions generated by our production operations (Scopes 1 and 2) from 2050 to 2030, bringing the target forward by 20 years. Also, we established targets for CO₂ emissions associated with the procurement of materials, components, and products (Scope 3). Furthermore, we obtained international certification for decarbonization (SBT Certification) and are actively working across the entire value chain.

■ Endorsement of TCFD Recommendations

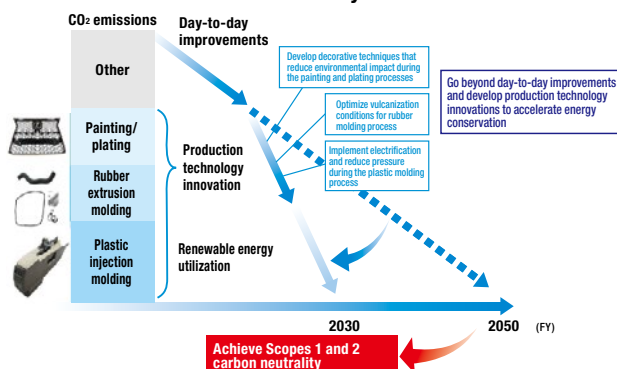
In May 2019, we expressed our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and conducted a scenario analysis of risks, opportunities, and responses based on the Guide. We are accelerating our efforts across our

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.

■ Moved Up the Timetable for Carbon Neutrality to 2030

Toyota Gosei has established a new target to achieve carbon neutrality for CO₂ emissions (Scopes 1 and 2) generated from its production operations that is 20 years earlier than the previous target by moving it up from 2050 to 2030. We are accelerating daily improvements and production technology innovations more than ever 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 will utilize renewable energy sources, such as green power, to meet necessary energy demands.

Initiatives to Achieve Carbon Neutrality



■ 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-Certified 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.

For short-term targets, refer to our website.



Environmental Action Plan | Toyota Gosei (toyoda-gosei.com)

■ Reducing CO₂ Emissions

To achieve our 2030 target, we are reducing CO₂ emissions throughout the entire product lifecycle (Scopes 1, 2, and 3) by improving productivity and

efficiency of logistics, in addition to more lightweight designs for products leading to even higher vehicle fuel efficiency.

Product Development Stage: Environmentally-friendly Product Development

Materials

Design

In the product development stage, we are making headway in providing products for environmentally-friendly, next-generation vehicles and developing products with lighter weight for greater fuel efficiency and lower energy consumption and CO₂ emissions across the areas of materials technology, product design, and production technology. Examples include the development of high-pressure hydrogen tanks for FCEVs and efforts to switch

materials (e.g., from metal or rubber to plastic), reduce the number of components, integrate functions, and use more lightweight designs while ensuring quality for the strength and other properties of instrument panel peripherals and other interior and exterior components and of functional components such as hoses. We are also actively working with suppliers to develop materials with low CO₂ emissions, such as bio-materials and recycled materials.

Production Stage: Reductions with Development of New Processes, Daily Improvements

Manufacturing

We have set a 2030 milestone for achieving zero CO₂ emissions at our plants, and are rigorously reducing energy consumption through day-to-day improvements at plants, production technology innovations, utility efficiency enhancements, and more. Remaining energy

needs are being addressed through the expansion of renewable energy, such as installing solar power systems and purchasing green electricity. In particular, renewable energy initiatives are underway with the goal of converting all electricity to renewable energy by FY2030.

Logistics Stage: Improving Loading Efficiency

Design

Manufacturing

Materials

In collaboration with logistics companies, we are reducing CO₂ emissions by improving truck loading capacity and logistics efficiency through the use of AI and other means. We are also conducting demonstration

tests of renewable diesel fuel^{*3} as an alternative to diesel fuel and are studying its full-scale implementation.

^{*3} Renewable diesel fuel: Fuel made from waste cooking oil and other materials, reducing CO₂ emissions by 90% compared to petroleum-based fuels.

Materials and Parts Procurement Stage: Emission Reduction through Collaboration with Suppliers

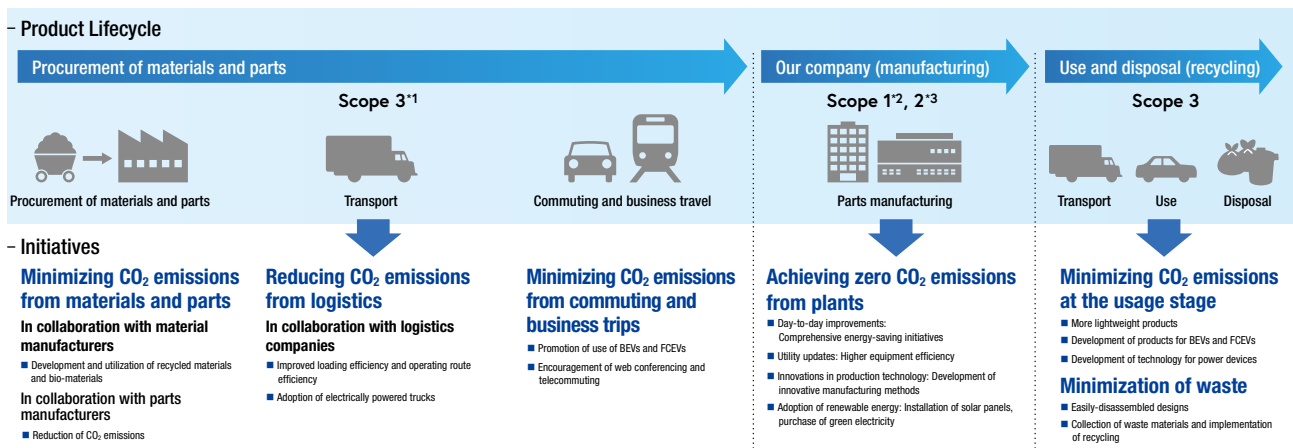
Materials

Manufacturing

We implement CO₂ reduction by sharing good practices with suppliers through the Energy Saving Dojo and supporting actual data measurements.

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)

■ Reduction of Greenhouse Gas (6 gases)^{*4} Emissions

Of the six greenhouse gases, Toyoda Gosei uses three (HFC, PFC, SF₆) and is conducting initiatives to reduce all of them. By FY2015, we had completed a switch to alternative gases with a low environmental impact for

the shield gas and other gases used in the production of steering wheel cores. We will continue these reduction initiatives going forward.

^{*4} Hydrofluorocarbon (HFC), perfluorocarbon (PFC), sulfur hexafluoride (SF₆), methane (CH₄), nitrous oxide (N₂O), nitrogen trifluoride (NF₃)