# **Building a Decarbonized Society**

#### Basic Philosophy

In order to achieve the Paris Agreement's goal of limiting the global average temperature increase to  $1.5^{\circ}$ 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 CO<sub>2</sub>

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.

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 CO<sub>2</sub>

# 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

Toyoda Gosei has established a new target to achieve carbon neutrality for  $CO_2$  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.

## 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.





DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBT-Certified Targets: Our FY2030 CO <sub>2</sub> Reduction Targets (Compared to FY2019 levels)		SBT Standard
Scopes 1 + 2	-46.5%*1	-46.2% or more (1.5°C level)* <sup>2</sup>
Scope 3 (Category 1)	-27.5%	-27.5% or more (WB2°C level) $^{\star 2}$

\*1 The 2030 target aims to achieve carbon neutrality by combining renewable energy and other measures.
\*2 Refers to CO<sub>2</sub> 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 Toyoda Gosei (toyoda-gosei.com)

# Reducing CO<sub>2</sub> Emissions

To achieve our 2030 target, we are reducing CO<sub>2</sub> 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.

#### In the product development stage, we are making materials (e.g., from metal or rubber to plastic), reduce the headway in providing products for environmentallynumber of components, integrate functions, and use more friendly, next-generation vehicles and developing products lightweight designs while ensuring quality for the strength with lighter weight for greater fuel efficiency and lower and other properties of instrument panel peripherals and energy consumption and CO<sub>2</sub> emissions across the areas other interior and exterior components and of functional of materials technology, product design, and production components such as hoses. We are also actively working technology. Examples include the development of highwith suppliers to develop materials with low CO2 pressure hydrogen tanks for FCEVs and efforts to switch emissions, such as bio-materials and recycled materials. Production Stage: Reductions with Development of New Processes, Daily Improvements -We have set a 2030 milestone for achieving zero CO<sub>2</sub> needs are being addressed through the expansion of emissions at our plants, and are rigorously reducing renewable energy, such as installing solar power systems energy consumption through day-to-day improvements and purchasing green electricity. In particular, renewable at plants, production technology innovations, utility energy initiatives are underway with the goal of efficiency enhancements, and more. Remaining energy converting all electricity to renewable energy by FY2030. Design Manufacturing Materials Logistics Stage: Improving Loading Efficiency

In collaboration with logistics companies, we are reducing CO<sub>2</sub> 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 CO<sub>2</sub> emissions by 90% compared to petroleum-based fuels.

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

We implement CO<sub>2</sub> reduction by sharing good practices with suppliers through the Energy Saving Dojo and supporting actual data measurements.

 Toward Carbon Neutrality in the Value Chain by 2050 — Initiatives to Reduce CO<sub>2</sub> Emissions in the Value Chain



\*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 (SF<sub>6</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), nitrogen trifluoride (NF<sub>3</sub>)

About Toyoda Gosei Value Creation Story

Product Development Stage: Environmentally-friendly Product Development