

## Building a Recycling-Oriented Society

### Basic Philosophy

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 country and region 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.

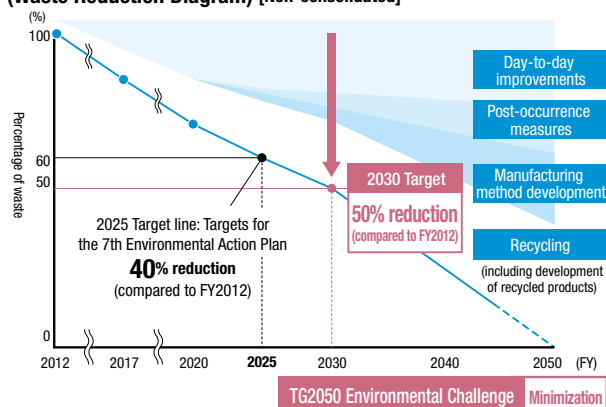
Issue	Risks	Opportunities	Measures
Resource depletion (shortage)	<ul style="list-style-type: none"> <li>Reduced earnings and production hindered by difficulty in procurement of raw materials and price hikes</li> </ul>	<ul style="list-style-type: none"> <li>Improved earnings through recycling technology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

### Reduction of Industrial Waste

#### Establishment of 2030 Milestones

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

Materials Design Manufacturing Collection/recycling

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.

### Technology Development for Recycling ELV\* Parts

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

\* ELV: End of Life Vehicle

### Reduction of Waste Materials in the Production Stage

The Production Engineering Dept. and the Manufacturing Division are working together to implement source-level measures and recycling initiatives. At each plant, we are conducting inspections for all types of waste to identify items for reducing waste by using the genchi-genbutsu

system (collecting facts and data at the actual site of the work or problem) to implement waste reductions. We also share examples of waste reduction with both domestic and international Group companies to implement waste reduction throughout the entire Group.

## Reduction of Packaging in the Distribution Stage

Collection/recycling

By washing returnable boxes\* more frequently and keeping them clean, we are reducing the amount of packaging materials used to prevent products from being soiled. We are also reducing packaging materials by putting lids on

returnable boxes and making other changes while maintaining a balance between ensuring product quality and reducing the amount of packaging materials used.

\* Boxes for transporting products

## Reducing Water Risks

Manufacturing

### Establishment of 2030 Milestones

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.

### 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	

## Building Environmentally-friendly Societies

### Basic Philosophy

Based on the concept of Nature Positive, we have set coexistence with local communities as one of the materialities (key issues) to conserve biodiversity, and

are working on woodlands creation, building of biotopes, and conservation initiatives for tidal flats.

### Risks and Opportunities Related to Biodiversity

We conduct initiatives by identifying risks and opportunities related to biodiversity. Going forward, we aim to enhance our contributions to

global environmental conservation while conducting disclosures based on the framework of the Taskforce on Nature-related Financial Disclosures (TNFD).

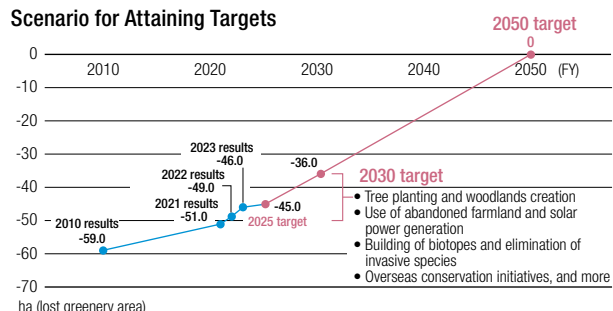
Issue	Risks	Opportunities	Measures
Reduction of natural capital	<ul style="list-style-type: none"> <li>Reduced earnings and production hindered by difficulty in procurement of raw materials and price hikes</li> <li>Drop in product quality due to deterioration in water quality</li> <li>Decline in public trust in the Company due to damage to surrounding areas caused by the discharge of contaminated wastewater</li> </ul>	<ul style="list-style-type: none"> <li>Business continuity by securing human resources and raw materials through nature conservation initiatives</li> <li>Sustainable production and enhancement of corporate value by securing good quality water resources through woodlands creation and river conservation</li> </ul>	<ul style="list-style-type: none"> <li>Development of more lightweight products</li> <li>Development of recycling technology for raw materials</li> <li>Expanding the use of plant-derived biomaterials and recycled materials</li> <li>Enhancing wastewater management and related controls</li> </ul>

### Establishment of Medium- to Long-Term Targets

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.

### Scenario for Attaining Targets



The certified Heiwacho Plant biotope

