

Initiatives for Sustainable Growth

Overview of Initiatives

Toyota sustainably creates three values for society: “Safety and Peace of Mind,” “Environmental Sustainability” and “Waku-doki (excitement and exhilaration that wows you),” while striving to enhance its corporate value.

The figure on the right shows an overview of initiatives for sustainable growth that Toyota is striving to secure in terms of the relationship between the business units and their role in the value chain.

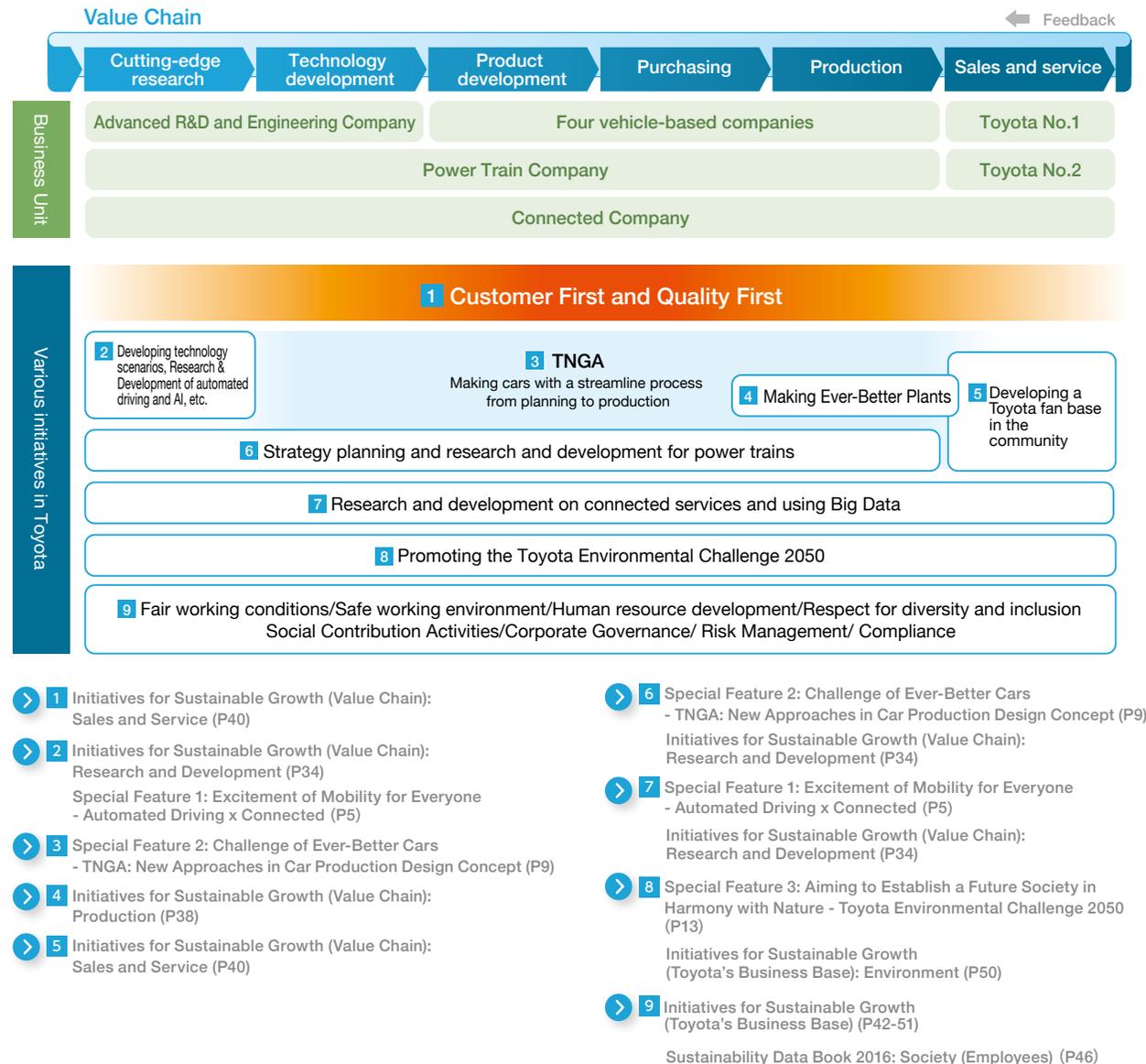
In April 2016, we made a transition to a new structure* in order to further strengthen our sustainable growth initiatives. The goal of this transition is to streamline our work processes to handle a scale of 10 million cars globally. Going forward, business units can respond more quickly and flexibly in their decision-making process based on long-term strategies established by the head office.

In this new system, we shall continue to promote our Customer First and Quality First policies, strive to make ever-better cars using TNGA, and build up our fan base using initiatives rooted in each local community. In addition, we shall push forward with initiatives such as the Toyota Environmental Challenge 2050 and human resource development for the future.

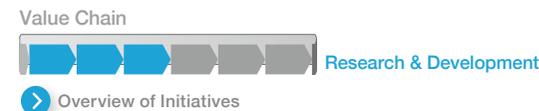
This section describes the initiatives in the value chain for research and development, purchasing, production, sales and service, as well as the CSR structure, corporate governance, risk management, compliance, human resource development, the environment and social contribution activities, which form the base of business in Toyota.

* new structure

➤ Towards Sustainable Growth: Strengthening our management base (P29)



Research and Development



Business Conditions and Advancement in Technology

The business conditions facing the automotive industry constantly undergo changes due to new areas of competition, such as electrified powertrains, automated driving, AI and Big Data. And now more than ever, technology development has even greater influence on business growth. To respond to these evolving business conditions, it is becoming more important to have a comprehensive strategy in place, which strengthens the technology development system further and uses management resources including external alliances effectively.

Reorganization Approach

To handle sudden changes in business conditions, the development system was reorganized in April 2016. The powertrain section that first shifted to the new system continues on, and this time, the research and development system for the body section was reorganized. Specifically, under the direction of the chief engineer, the compact product development system* has been designed to be able to make swift decisions onsite. The advanced technology research and development team was made into the Advanced R&D and Engineering Company as a separate entity to empower it and ensure the system is quick to focus on future technology and tie it into commercialization.

In addition, the Connected Company has been assigned the role to create new appeal and new value in vehicles by linking vehicles, people and society. The Head Office features a Frontier Research Center set up to create new value in society for the long term, as well as a Corporate Strategy Division that works closely with technology development, forming a system that focuses on long term business strategies based on future technical scenarios.

* There are 4 product-based in-house companies: Toyota Compact Car Company (TC), Mid-size Vehicle Company (MS), CV Company (CV) and Lexus International Co. (LI).

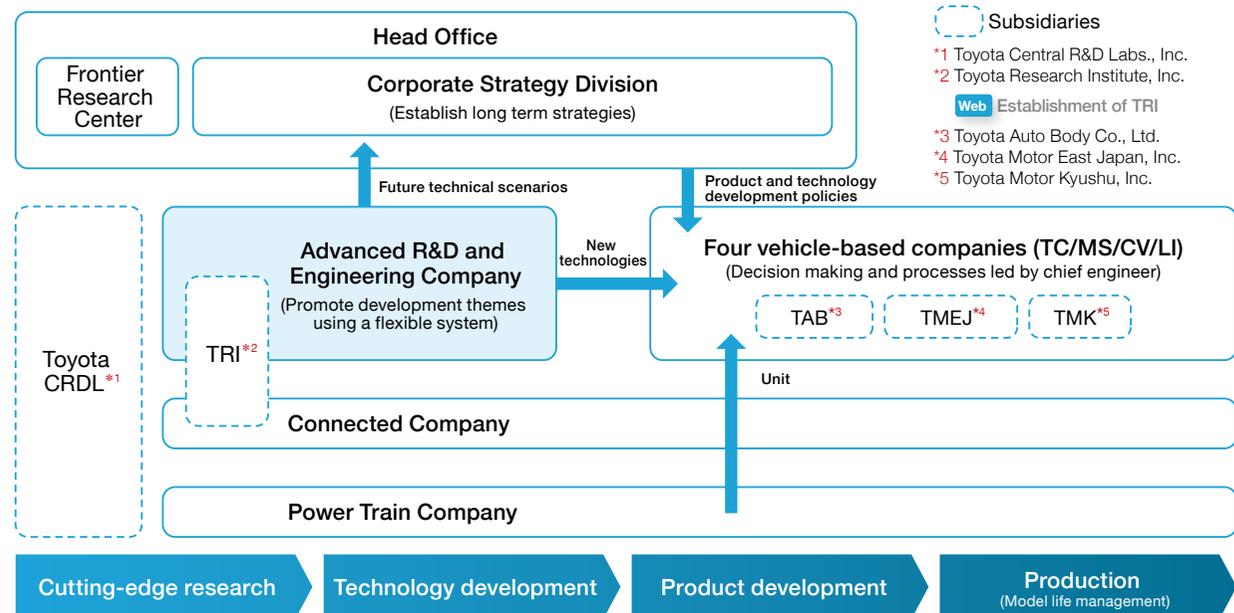
Research and Development Process

Toyota continues to push forward with a complete research and development system from research to product improvements in order to build safer, more environmentally-friendly and more comfortable vehicles. To achieve this, the system includes cutting-edge research to identify the seeds for development, technology development that puts next-generation technology into practical applications, product planning and development that meets the needs of the market and new technologies, and model life management for improving marketability after mass production.

Each company has a role, shown in the figure below, and executes their mission in the research and development process. All companies keep research and development, production

- engineering and manufacturing linked together in order to accelerate the process of making ever-better cars.
- Advanced R&D and Engineering Company: Technology development in next generation technologies such as automated driving, as well as development for technology application
 - Vehicle-based companies: New model development and product improvements for product groups headed by each company
 - Power Train Company: Research and development for power trains, such as engines, transmissions and electric units etc.
 - Connected Company: Research and development and field implementation of technology, vehicle components, centers and services required for connectivity

Overview of research and development system flow and setup of companies

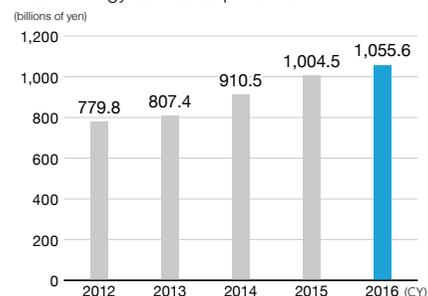




Research and Development

Research and Development Expenses

In fiscal 2015, the research and development expenses totaled 1,556 trillion yen, up 5% from the previous fiscal year, as a result of introducing new models and the development activity in advanced technologies related to the environment, energy and safety. Toyota's policy is to continue future investment in high level research and development in order to maintain a competitive edge in technology as well as products.



Consolidated financial results from the fiscal year closing March 31

Global System

There are R&D centers in each region that work with the head office to carry out global activities in order to ensure that *kurumazukuri* (car-making) meets the expectations of the customer and market characteristics. Toyota continues to push forward with a system in which the centers in each region - located close to the local market - can carry out independent development projects and thereby respond to the local needs better.

Main R&D Centers



Toyota Motor Europe NV/SA
Belgium (Brussels), U.K. (Derby)



Toyota Motor Engineering & Manufacturing (China) Co., Ltd.
(Jiangsu)



Toyota Motor Asia Pacific Engineering and Manufacturing Co., Ltd.
Thailand (Samut Prakan Province)



Toyota Motor Engineering & Manufacturing North America, Inc.
U.S.A. (Michigan, California, Arizona, Washington D.C.)



Head Office Technical Center
Japan (Toyota City, Aichi Prefecture)



Higashi-Fuji Technical Center
Japan (Susono City, Shizuoka Prefecture)

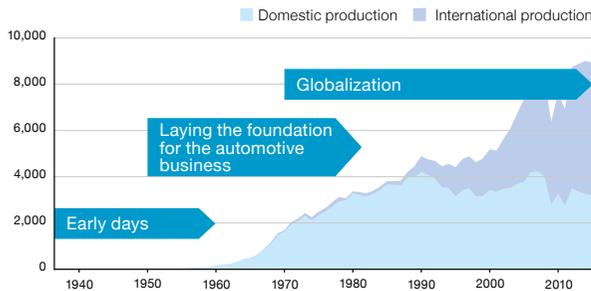


Purchasing

Basic philosophy regarding purchasing

A single car is comprised of about 30,000 parts, and as the majority of these parts are made using manufacturing methods that require skillful coordination across multiple processes, cars need to be made in close collaboration with the suppliers. Furthermore, in purchasing activities Toyota also believes that it is important that we build a stable and equal partnership with our suppliers in order for our customers to be able to use its products for the long-term and with peace of mind. Even with business activities becoming increasingly globalized, we continue to seek equal standing in our dealings with our suppliers and to grow and develop together.

Domestic / international production volume (thousands of units)



Our three basic policies

Toyota is moving forward with the basic policies below in our purchasing activities in order to make cars that satisfy our customers.

1. Fair competition based on an open-door policy

Toyota is open to any and all suppliers, regardless of nationality, size, or whether they have done business with us before. Our choice of suppliers is purely on the basis of business considerations. We evaluate the overall strengths of prospective suppliers, including their quality, technological capabilities, and reliability in delivering the required quantities on time. In addition, we consider their operational approach and systems for tackling ongoing reform and efforts addressing social responsibilities, such as environmental issues.

2. Mutual benefit based on mutual trust

We believe in developing mutually beneficial, long-term relationships based on mutual trust. To foster that trust, we pursue close and wide-ranging communication with suppliers.

3. Contributing to local economic vitality through localization: Good corporate citizenship

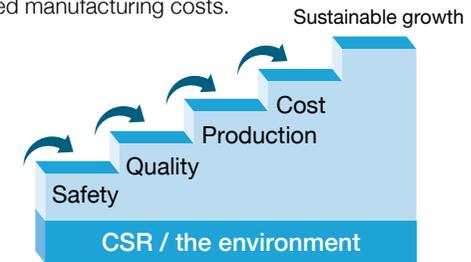
Toyota is vigorously promoting local production in response to demand for automobiles in each region worldwide. For local production, we actively procure from local suppliers, including parts, materials, tools, equipment and others materials. In this way, we aim to contribute to the local society and act as a good corporate citizen.

Value Chain



Priorities in our initiatives

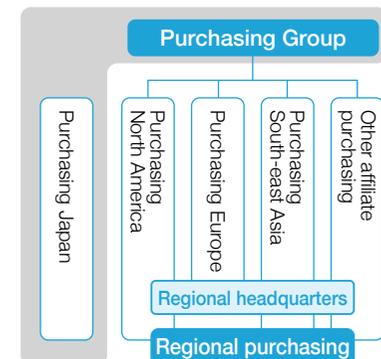
In developing our purchasing base, Toyota is working towards *monozukuri* (manufacturing) that prioritizes safety first and foremost as well as manufacturing and production that ensures and maintains quality while resulting in reduced manufacturing costs.



Management structure

In order to be able to promote the common goals in functions across worldwide purchasing, the Purchasing Group comes up with purchasing policies, creates plans, and pushes forward with developments, and purchasing in each region implements their operations based on these strategies.

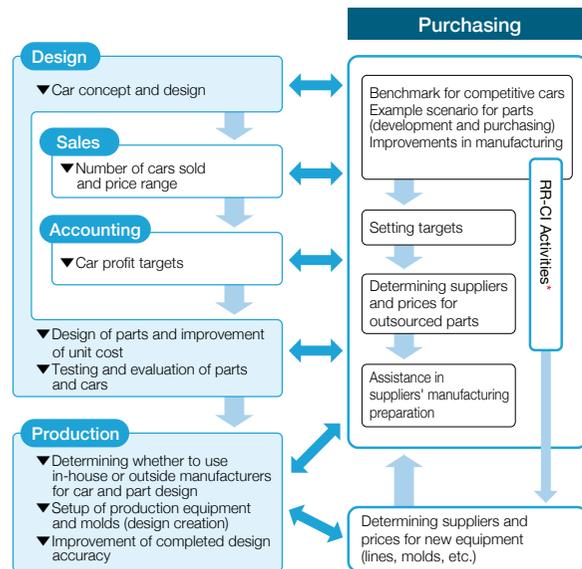
Additionally, the Purchasing Group is also working toward better purchasing operations through the development of structures for global human resource development and the development of purchasing systems.



Purchasing

Collaboration with in-house and outside departments

We collaborate with all in-house departments at Toyota during purchasing including design, sales, accounting and production in all phases from car development through to production preparation, mass production and supply.



* *Ryohin Renka* (reasonably-priced, good products) Cost innovation: cost reduction activities for cross-series parts in order to ensure mid- to long-term price competitiveness.

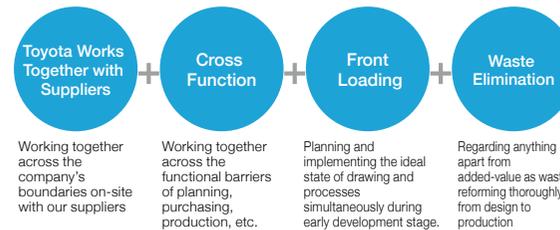
The divisions in Toyota responsible for each function also collaborate with those suppliers who work towards making ever-better cars through implementing improvement measures.

Process example

Pursuing more reasonably priced, good products through *Monozukuri* Innovation

Monozukuri Innovation involves Toyota's individual divisions making a part-based cross-functional team with suppliers, and running the drawing and production process with *Genchi Genbutsu* (on-site hand-on experience) simultaneously at the early development stage. In order to realize ever-better parts manufacturing, we identify waste at production sites and combine the wisdom from the design stage through production. For example, waste is eliminated to reduce the number of parts by changing the design structure, reviewing production lines and processes and so on. At the same time, in order to improve quality and strengthen competitiveness further, we are committed to manufacturing every single part to the best of our abilities.

Consistent Four Initiatives



Related Information

- Special Feature 2: Challenge of Ever-Better Cars - TNGA: New Approaches in Car Production Design Concept (P9)

Building a disaster-resilient supply chain

Toyota has provided recovery support in accordance with the following priorities: (1) Humanitarian aid; (2) Recovery of the disaster-affected area; (3) Restoration of Toyota's operations and production. Since the Great East Japan Earthquake, with the aim of prompt initial action and early recovery, we have united with suppliers in each country and region to

Value Chain



build a disaster-resilient supply chain by sharing supply chain information and setting up measures of preparedness.

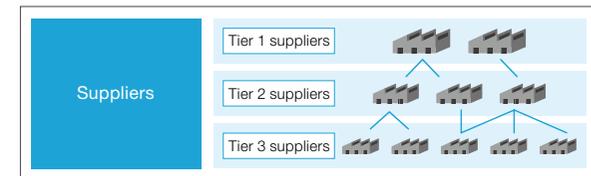
In regards to visualization of supply chain information, we receive information from our suppliers through our long-standing relationship of trust, and we use this information to build a database based on the concept of protecting Japanese *monozukuri* (manufacturing). This is called the RESCUE* system.

Additionally, in regards to disaster resilience, we use the above database to identify issues in the supply chain and work alongside our suppliers to implement measures of preparedness in order to reduce accidents and dispersion in base production, etc.

Through continued implementation of the above, we were able to speed up our response to the Kumamoto earthquake in April 2016 resulting in a quicker recovery phase.

* REinforce Supply Chain Under Emergency

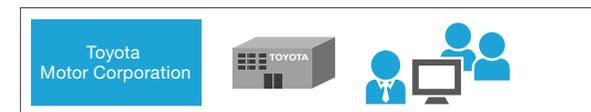
The RESCUE system storing supply chain information



Registration of supply chain information



Sharing of supply chain information



Related Information

- Sustainability Data Book 2016: Collaboration with Suppliers (P38)

Production



Progress with Initiatives

Making Ever-Better Cars and Better Plants

In the early 2000s, Toyota used the concept of Simple, Slim and Speedy and introduced several innovative manufacturing technologies, thereby making the company more competitive in terms of quality and costs. In addition, we set up new plants throughout the world to meet increasing demands.

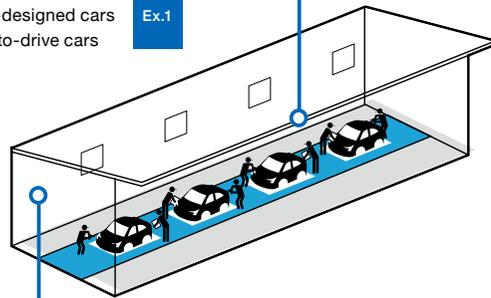
However, the recent global financial crisis caused a surplus in production resources and the subsequent fall in sales led the company directly to being in the red. Toyota learned two lessons from this experience. First, we must not get too caught up with the producing side and forget the customer's viewpoint. Second, excess production resources increase our fixed costs, making us inflexible in a volatile market.

These lessons made us believe that making ever-better cars and better plants in our production division is essential, which has led us to pursue various initiatives.

1 Making Ever-Better Cars

- Safe, robust cars
- Well-designed cars
- Fun-to-drive cars

Ex.1



2 Making Ever-Better Plants

- Simple logistics holding minimal inventory
- Flexible, simple and slim production system
- Environmentally-friendly production minimizing impact on people

Ex.2

Ex.3

Ex.4

Ex.5

1 Working on Making Ever-Better Cars

Focus on coordination between planning and production, and introduce new technologies

Toyota identified the requirements to achieve ever-better cars by outlining specific characteristics: Safe, Robust Cars, Well-designed Cars and Fun-to-drive Cars. To ensure this standard of *kurumazukuri* (car-making), the production division must conduct research, carefully consider the content and try out specific points to attain ever-better cars, but it is also essential for them to coordinate with the planning development team and the production site. For example, Laser Screw Welding (LSW), which will be covered in the next section, is a technique that increases the robustness of the body. Using this technique improves the stability and controllability targeted by developers, and specifically helps the vehicle to respond well when steering the wheel.

Coordination across divisions



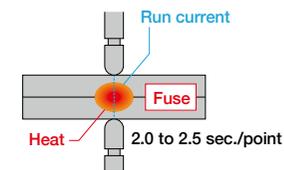
Specific initiatives

Ex.1 Laser Screw Welding (LSW)

Spot welding involves a processing technique that is set up on the top and bottom. However, LSW welds from only one spot at the top, reducing interference and limitations during the welding process and improving design flexibility. Welding points set closely at a joint area also helps improve the robustness of the body.

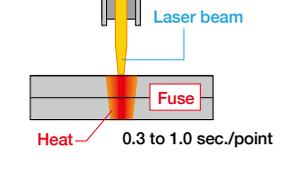
Before

[Resistance spot welding]



After

[LSW]



Using Japanese techniques and master craftsmanship

We focus on traditional Japanese craftsmanship and techniques. We specifically took hints from *karakuri ningyo** (traditional Japanese mechanized puppets) and made improvements on the mechanism that change the gravitational force of the product into the power to carry things without using a power source. In addition, we also carried out initiatives on the tacit knowledge (tricks and knacks learned on-the-job) of our veteran engineers used in sheet metal processing and coating, etc., and transformed it into explicit knowledge to integrate into our robots. We utilize Japanese techniques and Toyota's master craftsmanship to help us making ever-better cars.

* Mechanisms that move tools or dolls using gravitational force, spiral springs, springs, cogwheels and strings, etc.

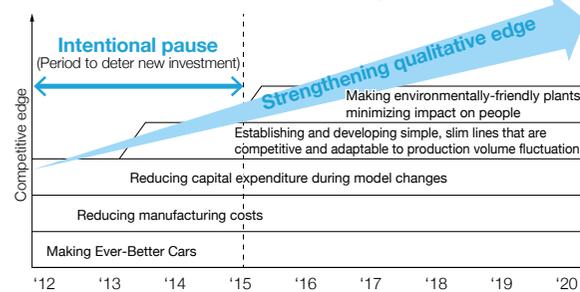
Production

2 Promote Making Ever-Better Plants

Initiatives during intentional pause in production

Toyota applied an intentional pause in production these last few years to carry out initiatives that re-establish our qualitative edge. First, we focused on effectively using the existing resources to their maximum potential and were able to reduce capital expenditures related to changing models to 40% less than in 2008. Then, we used the funds that were freed from reducing investments to promote the concepts of making ever-better cars and making attractive plants. These initiatives help Toyota make steady progress and prepare for a new stage toward sustainable growth.

Initiatives to enhance competitive edge



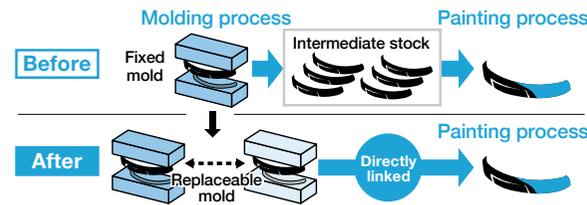
3 key phrases for making ever-better plants

At the foundation of making ever-better plants is establishing a production system that can raise its competitive edge and be adapted to market volatility. The 3 key phrases associated with this are “Logistics,” “Simple and slim” and “Environmentally-friendly minimizing impact on people.” Logistics advocates “One piece flow production” which is based on the Toyota Production System. Simple and slim not only cuts costs but improves quality, for example, by making the equipment more universal and reducing the production setup time. Finally, being environmentally-friendly and minimizing impact on people means making a bright and orderly plant that focuses on safety and the environment.

Specific initiatives

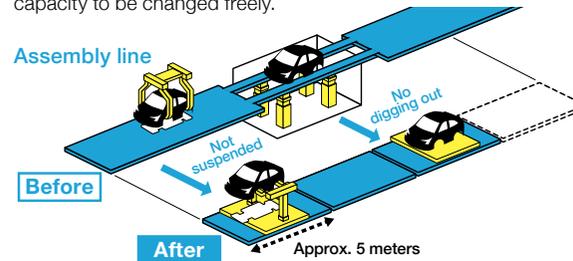
Ex.2 One piece flow production for bumpers (Example of logistics)

Up until now bumpers have been molded using lot production as the mainstream and making the same component for a certain quantity. Then, a sizable intermediate stock of bumpers was accumulated before being passed on and used in the subsequent painting process. As shown below, Toyota changed to production leveling which uses “One piece flow production,” linking the molding process (including the mold change process) directly to the painting process. This approach reduced the intermediate stock dramatically regardless of the bumper type and significantly improved productivity.



Ex.3 Flexible assembly line (Simple and slim example 1)

A flexible line was developed which can be rearranged and quickly adapted to production volume fluctuation. Vehicle bodies are no longer suspended, the line uses a conveyor with an elevated platform to move and lift the vehicles, and the line is composed of approximately 5 meter sections. The section-based line can be extended or shortened as necessary, allowing the production capacity to be changed freely.



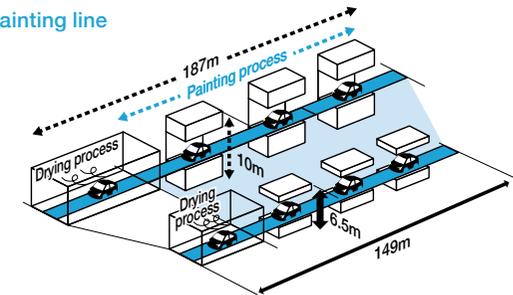
Value Chain



Ex.4 Compact and shortened painting line (Simple and slim example 2)

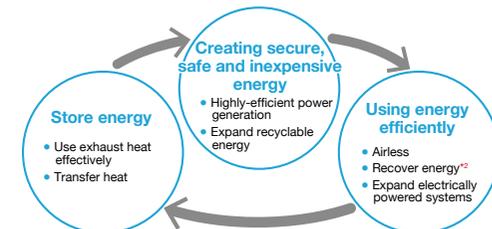
Making the supplementary equipment more compact enables the booth to be more compact. The line from painting to drying is shortened by changing the conveyor speed for each process.

Painting line



Ex.5 Making an environmentally-friendly plant (Example of environmentally-friendly minimizing impact on people)

Not only are we involved in making a bright and orderly plant, but we promote activities that ensure safety and peace of mind as well as environmental protection. In addition, we integrated a number of initiatives to create an environmentally-friendly plant that uses energy efficiently. For example, we integrated an airless approach*1 into several lines, adopted energy regeneration technology that recovers the braking energy in robots and reuses that power, expanded the use of recyclable energy and used the exhaust heat more effectively.



*1 Approach that reduces the pneumatic power with large air supply loss

Related Information

➤ Sustainability Data Book 2016: Kamigo Plant: Reducing CO₂ Emissions from Engine Manufacturing for Vehicles for Japanese and Overseas Markets (Focus) (P78)

*2 Recovers the braking energy in robots and reuses that power

Sales and Service

Basic Philosophy

Adopting the Customer First and Quality First principles, Toyota collaborates in all business activities from product planning through sales and services to maintain high quality in manufacturing in order to realize further customer satisfaction.

In addition, we have established a system consisting of eight global regions to respond to customers' needs appropriately which differ from region to region. In cooperation with our important partners, dealers and distributors in Japan and overseas, we are delivering ever-better cars rooted in respective regions by dealing sincerely with our customers.



For Overseas Regional Customers

The global automobile market is divided into eight regions consisting of North America, Europe, Africa, China, Asia-Middle East-North Africa, East Asia-Oceania, Latin America, and Japan. Toyota has established the optimum car service system in response to regional market characteristics.

Car use environments and required functions and services vary by region and country. The voices and requests from a variety of customers through our sales networks lead us to the

realization of ever-better cars, planning of sales strategies, and support of local sales activities.

We have developed a global network of about 280 dealers and about 5,500 sales outlets (U-car outlets included) in Japan, and globally about 170 distributors and about 10,000 dealers. They are our front lines facing the customers where we are offering service with a smile through local activities to gain new Toyota fans.

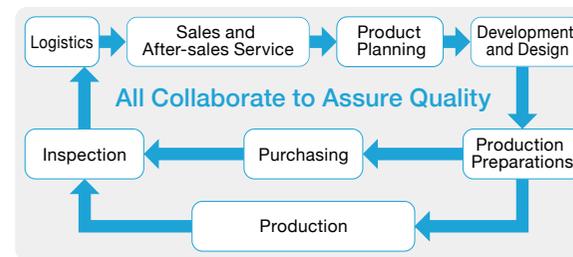
Related Information

➤ Sustainability Data Book 2016: Collaboration with Sales Networks (P41)

The Principles of Customer First and Quality First

In order to provide the quality that will satisfy our customers, collaborative initiatives are essential from product planning, development and design, to procurement, production, sales and after-sales service.

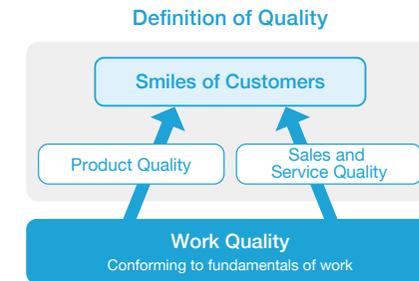
At Toyota, quality includes product quality, sales and service quality, and the quality of the work performed by each employee that serves as the foundation supporting the other aspects of quality. We believe that the combination of these three constitutes quality and it is only when all three aspects of quality are secured that we can provide products and services that can gain the trust of customers. The origins of quality lie in the spirit of audit and improvement, and Toyota's unchanging *monozukuri* (manufacturing) pursues ever higher



Value Chain



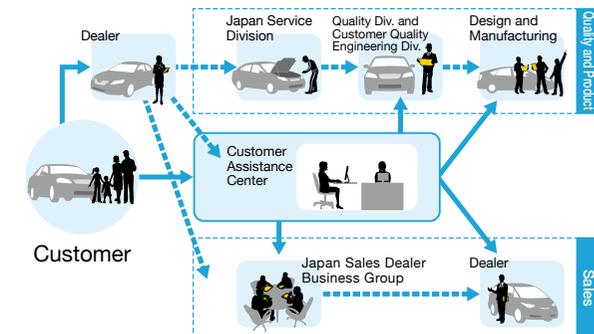
quality through continuous improvement based on repeated implementation of PDCA.



Applying Customer Feedback to the Creation of Better Products and Services

Offering cars with superior features in terms of environmental friendliness, safety and quality performance with the intrinsic appeal of affordable price. To create ever-better cars, Toyota makes rigorous use of customer opinions gleaned from dealers and the Customer Assistance Centers and establishes a system that incorporates them for better products and services.

System for Implementing Customer Feedback [Domestic Examples]



Related Information

➤ Sustainability Data Book 2016: Customer First and Quality First Measures (P16)



Sales and Service

J-ReBORN Plan Hopes to Invigorate Japan with Dealers

To respond to changes in the Japanese automotive market due to depopulation, aging and a shrinking market, in FY2015 Toyota established the J-ReBORN Plan, a new domestic sales strategy scheduled to start from FY2016. The plan is rooted in the idea of using the dealer network to revitalize each region and Japan overall.

Toyota has coined the slogan “Ever-Better Dealerships” and is working together with the dealers to promote activities that attract everyone including customers. Toyota is taking on the challenge to try and win back as many car fans as possible.

J-ReBORN Plan

[Toyota]
Ever-Better Cars

[Dealers]
Ever-Better Dealerships

Embracing the challenge of revitalizing the automobile business of the 2020s

Developing a fan base for cars, Toyotas and dealers

1. Increase CS* and productivity to a tremendously high level
2. Continue to create and retain Toyota fans

* Customer Satisfaction

Four Priorities Addressed by the J-ReBORN Plan

(1) ReBORN changes the focus from “the car and business” to “a customer-centric approach”

1. Marketing activities designed to capture young consumers (young in terms of thinking and behavior)
2. Strengthen ties with customers by improving productivity to a tremendously high level

(2) ReBORN transforms Toyota into the best company in every region

3. Embrace activities of whole Toyota group that increase Toyota's regional presence
4. Create and promote examples of dealers that look ahead at future issues

Related Information

- Sustainability Data Book 2016: Collaboration with Business Partners (P42)

Improvement of After-Sales Services

Better service and better cars are, as it were, the two wheels of the cart to provide customers with safe and comfortable driving in their daily life. Based on this concept Toyota is trying to provide better services under the umbrella of the 3S spirit (*Seikaku + Shinsetsu = Shinrai*; meaning “Accuracy + Caring = Trust” so that customers enjoy driving.

Currently in Japan the after-sales services are delivered by about 310 companies, about 5,000 dealers and parts distributors, totaling about 46,000 service staff members, while overseas there are about 170 companies, 10,000 dealers, or 134,000 service staff members.

In addition, Toyota has established a quick parts delivery system required by each country, realizing more efficient parts inventory and shorter delivery time at car inspections, etc. by utilizing the concept of the Toyota Production System on the dealer sides.



Global Learning Facility, Tajimi Service Center

187,000 m² of vast premises contains study centers and drive-evaluation courses for a variety of road conditions, welcoming about 3,100 service staff members a year from all over the world to help them improve their knowledge and skills.

Related Information

- Sustainability Data Book 2016: Customer First and Quality First Measures (P20)

Environmental Initiatives in Cooperation with Sales Networks

Initiatives in Japan

At CSR workshops held by the Toyota National Dealers' Advisory Council (TNDAC), all Toyota dealers have worked together to promote voluntary activities based on the Toyota Dealer CSR Guidelines set forth in 2005. To further promote these initiatives, they called for increased acquisition of third-party certification of environmental management systems to accelerate the development of human resources and the creation of environment-friendly dealerships, and to bolster the level of trust from customers.

Global Initiatives

Toyota continues the Dealer Environmental Risk Audit Program (DERAP) to reduce environmental risks at overseas dealer service shops. These audits aim to establish a framework to deal with five fundamental environmental requirements including the proper management of waste and treatment of wastewater. In FY2015, 70 distributors and 3,692 dealers from 66 countries worldwide participated in the program, representing an increase of 10 distributors and 228 dealers from FY2014.

* Dealer Environmental Risk Audit Program

Related Information

- Sustainability Data Book 2016: Promote Environmental Activities in Cooperation with Business Partners (P101)

Initiatives for Waste Recycling

Toyota dealers and parts distributors throughout Japan promote recycling as much as possible throughout the use of vehicles, including collecting and recycling damaged and removed parts such as bumpers and lead wheel balance weights. Toyota also promotes activities to reduce resource usage, such as selling rebuilt and used parts, and using tanker trucks to reduce drums for transporting oil.

Related Information

- Sustainability Data Book 2016: Steady Progress in Recycling at Dealers and Parts Distributors (P83)

CSR Structure

Basic Philosophy

Since its foundation, Toyota has continuously strived to contribute to the sustainable development of society through the manufacture and provision of innovative and quality products and services that lead the times. Motor vehicles greatly expand the freedom of mobility, but impact society and the environment in various ways. Always bearing this in mind, we listen carefully to our customers and the local community as we pursue a business that works towards harmony with people, society, and the global environment, as well as the realization of a sustainable society through *monozukuri* (manufacturing).

CSR Policy

Toyota's CSR policy was an interpretation of the Guiding Principles at Toyota with a focus on relationships with stakeholders (established in January, 2005, revised in August, 2008). Toyota aims to become a company that

is admired and trusted by society through ensuring that all employees recognize and act on our CSR Policy. We also share this policy with our consolidated subsidiaries, make a point of putting it into practice together, and expect our business partners to embrace its spirit and act in accordance with it as well. In addition, we participated in the formulation of and observe the standards outlined in the Charter of Corporate Behavior of the Nippon Keidanren (Japan Business Foundation), an alliance of leading Japanese corporations.

Organization and Structure

We strive for sustainable growth by providing society with values such as "Safety and Peace of Mind," "Environmental Sustainability," "Waku-doki (excitement and exhilaration that wows you)" through our business activities. Toyota established the Corporate Planning Meeting and the Corporate Governance Meeting to promote these activities from a long-term and company-wide perspective.

Preamble of CSR Policy: Contribution towards Sustainable Development

We, Toyota Motor Corporation and our subsidiaries, take initiative to contribute to harmonious and sustainable development of society and the earth through all business activities that we carry out in each country and region, based on our Guiding Principles.

We comply with local, national and international laws and regulations as well as the spirit thereof and we conduct our business operations with honesty and integrity.

In order to contribute to sustainable development, we believe that management interacting with its stakeholders as described below is of considerable importance, and we will endeavor to build and maintain sound relationships with our stakeholders through open and fair communication.

We expect our business partners to support this initiative and act in accordance with it.

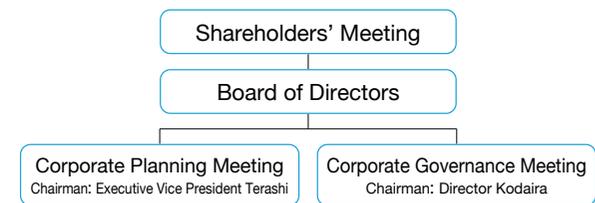
[Web](#) CSR Policy: Contribution towards Sustainable Development Full Text

Corporate Planning Meeting and Corporate Governance Meeting

In October 2007, Toyota established the CSR (Corporate Social Responsibility) Committee to coordinate and promote CSR activities. Through the CSR Committee, we have ensured legal compliance, conducted social contribution activities and promoted initiatives for environmental issues.

Since April 2015, organizational changes have been made with the intention of incorporating CSR into management and raising corporate value. These changes were designed to bring CSR-specific discussions that previously took place in the CSR committee into more general management and business operation-related discussions. Therefore, the functions of the CSR Committee have been transferred to the Corporate Planning Meeting and Corporate Governance Meeting. Under the oversight of General Shareholders' meetings and the Board of Directors, the Corporate Planning Meeting discusses growth and business strategies, taking into account a wide range of social issues. An optimal governance structure has been deliberated in the Corporate Governance Meeting, which serves as a supervising body over business implementation, to realize these growth and business strategies.

CSR Structure (Corporate Value Enhancement)



- Basic corporate policies for contributing to the sustainable development of society and the earth
- Planning and development of global CSR policies and activities
- Sustainable growth strategies for corporate value enhancement
- Social contribution, environmental issues, and other social issues

- Corporate ethics, compliance, and corporate governance
- Significant issues concerning risk management and the initiatives

Corporate Governance



Basic Philosophy

Toyota has positioned the sustainable growth and the stable long-term growth of corporate value as priority management issues. It believes that in carrying this out, it is essential that it both builds positive relationships with all stakeholders, including shareholders and customers as well as business partners, local communities and employees, as well as continues to supply products that will satisfy its customers. This position is reflected in the "Guiding Principles at Toyota," which is a statement of Toyota's fundamental business policies. Also, Toyota adopted and presented the CSR Policy "Contribution towards Sustainable Development," an interpretation of the "Guiding Principles at Toyota" that organizes the relationships with its stakeholders. Toyota will work to enhance corporate governance through a variety of measures. Toyota is implementing each principle of the Corporate Governance Code adopted in June 2015 and the details of the measures for implementation are deliberated at the Corporate Governance Meeting then reported to the Board of Directors.

Organization and Structure

In March 2011, Toyota announced the "Toyota Global Vision" and commenced "Visionary Management." This is based on Toyota's values that have guided Toyota since its founding, such as "The Toyoda Precepts," the "Guiding Principles at Toyota" and the "Toyota Way," which aim to exceed customer expectations by manufacturing ever-better cars and enriching the lives of societies, and to be rewarded with a smile that ultimately leads to the stable base of business.

Execution of Duties and Supervision

In April 2011, as a management structure towards "fulfillment of the Toyota Global Vision," Toyota has reduced the Board of Directors and decision-making layers, and has endeavored to swiftly communicate the views of customers and information from operations on-ground to management and facilitate rapid

management decision-making.

In April 2013, Toyota made organizational changes with the aim of further increasing the speed of decision-making so that each of the four units* is responsible for its own operations and earnings. In April 2015, with the aim of enhancing operational oversight and further increasing the speed of decision-making and execution of operations, the responsibility for executive vice presidents was changed to making decisions regarding management from a medium to long-term perspective and supervising execution of operations, with executives at senior managing officer level and below now responsible for execution of operations, such as business units, regional operations and key functions.

Moreover, in April 2016, Toyota made organizational changes with the aim of further promoting its overarching goal of manufacturing ever-better cars and the continued development of a talented workforce to serve such goal, and delegated substantial power to the new nine business units*, including the seven product-based in-house companies that will be responsible for short- to mid-term product strategy and development. By implementing a streamlined operation from planning through manufacturing, Toyota intends to promote quicker decision-making.

Under the Board of Directors, the "Corporate Planning Committee" considers growth strategies that weave in Toyota's contributions to various social issues and Toyota promotes on a company-wide basis CSR and enhancement of corporate value as part of business operations. As part of management of operations, the "Corporate Governance Committee" deliberates the corporate governance structure that executes such strategies.

Furthermore, Toyota has an "International Advisory Board" consisting of advisors from each region overseas, and, as appropriate, receives advice on a wide range of management issues from a global perspective. In addition, Toyota deliberates on and monitors management and corporate activities based on views of various stakeholders through a wide variety of bodies for deliberations, including the "Labor-Management Council, the Joint Labor-Management Round Table Conference."

*1 Lexus International, Toyota No.1, Toyota No.2, Unit Center

*2 Advanced R&D and Engineering Company, Toyota Compact Car Company, Midsize Vehicle Company, CV Company, Lexus International Co., Power Train Company, Connected Company, Toyota No.1, Toyota No.2

System regarding Members of the Board of Directors

With respect to the system regarding members of the Board of Directors, Toyota has comprehensively considered and appointed the right person for the right position to make appropriate and prompt decision-making. Toyota believes that it is important to elect individuals that comprehend and engage in the manufacturing of ever-better cars and problem solving based on the actual situation on-site (Genchi Genbutsu) that Toyota emphasizes, and contribute to decision-making aimed at sustainable growth into the future. Members of Toyota's "Executive Appointment Meeting," which is comprised of the Chairman, President, Executive Vice President in charge of Human Resources and an Outside Director, discuss recommendations to the Board of Directors concerning appointment of Members of the Board of Directors.

At the 109th Ordinary General Shareholders' Meeting held in June 2013, three Outside Members of the Board of Directors were appointed in order to further reflect the opinions of those from outside the company in management's decision-making process, and all of them are registered as independent officer with the relevant financial instruments exchanges. Toyota considers the appointment of Outside Members of the Board of Directors as independent officer in accordance with requirements for Outside Members of the Board of Directors set forth in the Companies Act and independence standards established by the relevant financial instruments exchanges. Toyota's Outside Members of the Board of Directors advise it in its management decision-making process based on their broad experiences and insight in their respective fields of expertise, independently from management structure.

Furthermore, Toyota appointed the first foreign executive vice president in FY2015. At the senior managing officer level and below, officers from group companies and foreign officers have been appointed. Toyota has built a diverse management structure with the right person for the right position.

Corporate Governance

System regarding Audit & Supervisory Board Members

Toyota has adopted an Audit & Supervisory Board system. Six Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members) play a role in Toyota's corporate governance efforts by undertaking audits in accordance with the audit policies and plans determined by the Audit & Supervisory Board. In appointing Audit & Supervisory Board Members, Toyota has appointed individuals who have broad experiences and insight in their respective fields of expertise and can advise management from a fair and neutral perspective, as well as audit the execution of business. Members of Toyota's "Executive Appointment Meeting," which is comprised of the Chairman, President, Executive Vice President in charge of Human Resources and an Outside Director, discuss recommendations concerning appointment of Audit & Supervisory Board Members to the Audit & Supervisory Board.

Toyota has appointed three Outside Audit & Supervisory Board Members, all of whom are registered as independent officers with the relevant financial instruments exchanges. Toyota considers the appointment of Outside Audit & Supervisory Board Members in accordance with requirements for Outside Audit & Supervisory

Board Members set forth in the Companies Act and independence standards established by the relevant financial instruments exchanges.

Remuneration for Members of the Board of Directors and Audit & Supervisory Board Members

Remuneration for Members of the Board of Directors consists of fixed basic payment and variable bonus. Toyota's remuneration structure ensures a link with company performance, reflecting job responsibilities and performance of individuals. Level of remuneration is also considered based on the remuneration level in countries of origin. Bonus is determined based on consolidated operating income of each year, comprehensively taking into account dividends, level of bonus for employees, trends of other companies, mid- to long-term business performance and amounts paid in the past. With respect to remuneration for Outside Members of the Board of Directors, bonus will not be paid in light of their role of monitoring and supervising management from an independent position. Members of Toyota's "Executive Remuneration Meeting," which is comprised of the Chairman, President, Executive Vice President in charge of Human Resources and an Outside Director, discuss recommendations to the Board of Directors concerning remuneration for Members of

the Board of Directors.

Remuneration for Audit & Supervisory Board Members consists only of fixed basic payment and bonus is not paid. By making the compensation structure less susceptible to business performance, independence from management is ensured. Remuneration for Audit & Supervisory Board Members is determined upon consultation among Audit & Supervisory Board Members within the scope of remuneration determined by the resolution at the Ordinary General Shareholders' Meeting.

Basic Policy regarding the System to Secure the Appropriateness of Business

Basic understanding of system to ensure appropriateness of business operations

Toyota, together with its subsidiaries, has created and maintained a sound corporate climate based on the "Guiding Principles at Toyota" and the "Toyota Code of Conduct." Toyota integrates the principles of problem identification and continuous improvement into its business operation process and makes continuous efforts to train employees who will put these principles into practice.

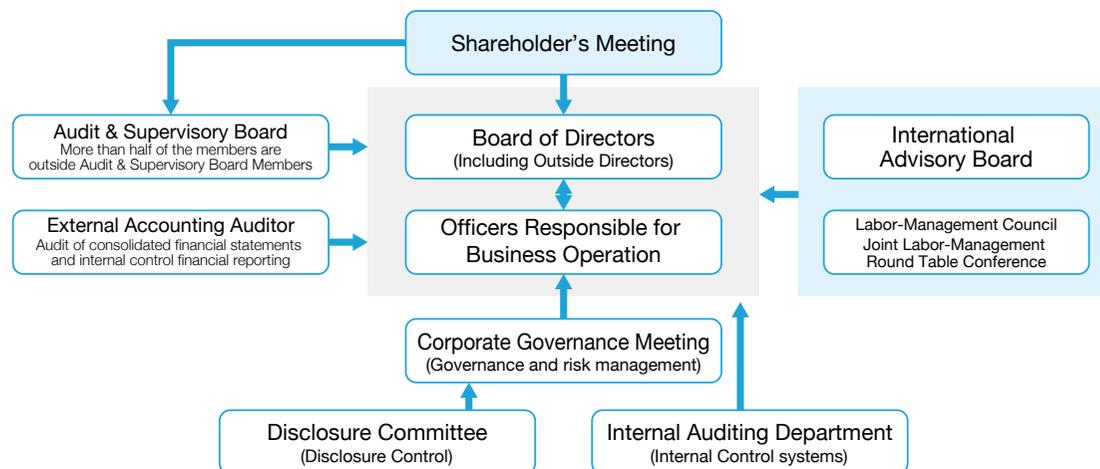
System to ensure the appropriateness of business operations and outline of implementation status of such systems

Toyota has endeavored to establish a system for ensuring the appropriateness of business operations as a corporate group and the proper implementation of that system in accordance with the "Basic Policies on Establishing Internal Controls." Each business year, Toyota inspects the establishment and implementation of internal controls to confirm that the organizational units responsible for implementing internal controls are functioning autonomously and are enhancing internal controls as necessary, and findings from the inspection are reviewed at Corporate Governance Meetings and the Board of Directors' meetings.

Accordingly, Toyota has developed its basic policy regarding the items as stipulated in the Companies Act. For further information on the 2016 Corporate Governance Report "IV Basic Approach to Internal Control System and its Development", please visit the webpage:

[Web](#) Investors (Corporate Governance Reports)

Corporate Governance Organizational Diagram (Emphasizing frontline operations + multidirectional monitoring)



Management System [Board of Directors] (As of June 15, 2016)

[Overview of Initiatives](#)

Chairman of the Board



Takeshi Uchiyamada

Apr. 1969 Joined TMC
 Jun. 1998 Member of the Board of Directors of TMC
 Jun. 2001 Managing Director of TMC
 Jun. 2003 Senior Managing Director of TMC
 Jun. 2005 Executive Vice President of TMC
 Jun. 2012 Vice Chairman of TMC
 Jun. 2013 Chairman of TMC (to present)

President, Member of the Board



Akio Toyoda

Apr. 1984 Joined TMC
 Jun. 2000 Member of the Board of Directors of TMC
 Jun. 2002 Managing Director of TMC
 Jun. 2003 Senior Managing Director of TMC
 Jun. 2005 Executive Vice President of TMC
 Jun. 2009 President of TMC (to present)

Executive Vice President, Member of the Board



Mitsuhiro Kato

- Frontier Research Center (Chief Officer)

Apr. 1975 Joined TMC
 Jun. 2004 Managing Officer of TMC
 Jun. 2006 Toyota Technocraft Co., Ltd. President
 Jun. 2006 Advisor of TMC
 Jun. 2007 Retired from Advisor of TMC
 Jun. 2010 Retired from Toyota Technocraft Co., Ltd. President
 Jun. 2010 Senior Managing Director of TMC
 Jun. 2011 Senior Managing Officer of TMC
 Jun. 2012 Executive Vice President of TMC (to present)



Takahiko Ijichi

- Chief Financial Officer, Sales Financial Business, Purchasing

Apr. 1976 Joined TMC
 Jun. 2004 Managing Officer of TMC
 Jun. 2008 Senior Managing Director of TMC
 Jun. 2011 Member of the Board of Directors and Senior Managing Officer of TMC
 Jun. 2013 Advisor of TMC
 Jun. 2013 Director and President of TOWA REAL ESTATE Co., Ltd.
 Jun. 2015 Retired from Advisor of TMC
 Jun. 2015 Executive Vice President of TMC (to present)
 Jun. 2015 Retired from Director and President of TOWA REAL ESTATE Co., Ltd.



Didier Leroy

- Toyota No. 1 (President), Chief Competitive Officer

Apr. 1982 Joined Renault S.A.
 Aug. 1998 Retired from Renault S.A.
 Sep. 1998 Joined Toyota Motor Manufacturing France S.A.S.
 Sep. 1998 Toyota Motor Manufacturing France S.A.S. Vice President
 Jan. 2005 Toyota Motor Manufacturing France S.A.S. President
 Jun. 2007 Managing Officer of TMC
 Jul. 2007 Toyota Motor Europe NV/SA Executive Vice President
 Jul. 2009 Toyota Motor Manufacturing France S.A.S. Chairman
 Jun. 2010 Toyota Motor Europe NV/SA President
 Jul. 2010 Retired from Toyota Motor Manufacturing France S.A.S. Chairman
 Apr. 2011 Toyota Motor Europe NV/SA President and CEO
 Apr. 2012 Senior Managing Officer of TMC
 Apr. 2015 Toyota Motor Europe NV/SA Chairman (to present)
 Jun. 2015 Executive Vice President of TMC (to present)



Shigeki Terashi

- Strategic Top Executive Meeting Office (Secretary General), Global Audit Div. (Chief Officer), Corporate Strategy Div. (Chief Officer), Research Div. (Chief Officer), Quality

Apr. 1980 Joined TMC
 Jun. 2008 Managing Officer of TMC
 Jun. 2008 Toyota Motor Engineering & Manufacturing North America, Inc. Executive Vice President
 May 2011 Toyota Motor Engineering & Manufacturing North America, Inc. President and COO
 Apr. 2012 Toyota Motor Engineering & Manufacturing North America, Inc. President and CEO
 Apr. 2012 Toyota Motor North America, Inc. President and COO
 Apr. 2013 Retired from Toyota Motor Engineering & Manufacturing North America, Inc. President and CEO
 Apr. 2013 Retired from Toyota Motor North America, Inc. President and COO
 Apr. 2013 Senior Managing Officer of TMC
 Jun. 2013 Member of the Board of Directors and Senior Managing Officer of TMC
 Jun. 2015 Executive Vice President of TMC (to present)

Management System [Board of Directors / Audit & Supervisory Board Members] (As of June 15, 2016) > Overview of Initiatives

Member of the Board



Nobuyori Kodaira

- Chief Risk Officer

Apr. 1972 Joined Ministry of International Trade and Industry
 Jul. 2004 Director-General, Agency for Natural Resources and Energy
 Jul. 2006 Retired from Director-General, Agency for Natural Resources and Energy
 Aug. 2008 Advisor of TMC
 Jun. 2009 Managing Officer of TMC
 Jun. 2010 Senior Managing Director of TMC
 Jun. 2011 Member of the Board of Directors and Senior Managing Officer of TMC
 Jun. 2012 Executive Vice President of TMC
 Jun. 2016 Member of the Board of Directors (to present)



Shigeru Hayakawa

- External Affairs & Public Affairs Group (Chief Officer), Chief Communications Officer

Apr. 1977 Joined Toyota Motor Sales Co., Ltd.
 Jun. 2007 Managing Officer of TMC
 Sep. 2007 Toyota Motor North America, Inc. President
 Jun. 2009 Retired from Toyota Motor North America, Inc. President
 Apr. 2012 Senior Managing Officer of TMC
 Jun. 2015 Member of the Board of Directors and Senior Managing Officer of TMC (to present)



Ikuo Uno

Outside Independent

Mar. 1959 Joined Nippon Life Insurance Company
 Jul. 1986 Director of Nippon Life Insurance Company
 Mar. 1989 Managing Director of Nippon Life Insurance Company
 Mar. 1992 Senior Managing Director of Nippon Life Insurance Company
 Mar. 1994 Vice President of Nippon Life Insurance Company
 Apr. 1997 President of Nippon Life Insurance Company
 Apr. 2005 Chairman of Nippon Life Insurance Company
 Apr. 2011 Director and Advisor of Nippon Life Insurance Company
 Jul. 2011 Advisor of Nippon Life Insurance Company
 Jun. 2013 Member of the Board of Directors of TMC (to present)
 Jul. 2015 Honorary Advisor of Nippon Life Insurance Company (to present)



Haruhiko Kato

Outside Independent

Apr. 1975 Joined Ministry of Finance
 Jul. 2007 Director-General of the Tax Bureau, Ministry of Finance
 Jul. 2009 Commissioner of National Tax Agency
 Jul. 2010 Retired from Commissioner of National Tax Agency
 Jan. 2011 Senior Managing Director of Japan Securities Depository Center, Inc.
 Jun. 2011 President of Japan Securities Depository Center, Inc.
 Jun. 2013 Member of the Board of Directors of TMC (to present)
 Jul. 2015 President and CEO of Japan Securities Depository Center, Inc. (to present)



Mark T. Hogan

Outside Independent

Sep. 1973 Joined General Motors Corporation
 Aug. 2002 Group Vice President of General Motors Corporation
 Aug. 2004 Retired from Group Vice President of General Motors Corporation
 Sep. 2004 President of Magna International Inc.
 Dec. 2007 Retired from President of Magna International Inc.
 Jan. 2008 President and CEO of The Vehicle Production Group LLC
 Feb. 2010 Retired from President and CEO of The Vehicle Production Group LLC
 Mar. 2010 President of Dewey Investments LLC (to present)
 Jun. 2013 Member of the Board of Directors of TMC (to present)

Full-Time Audit & Supervisory Board Members



Masaki Nakatsugawa

Apr. 1976 Joined Toyota Motor Sales Co., Ltd.
 Jul. 2006 Full-Time Audit & Supervisory Board Member of TMC (to present)



Masahiro Kato

Apr. 1975 Joined TMC
 Jan. 2009 Toyota Motor (China) Investment Co., Ltd. President
 Jun. 2009 Managing Officer of TMC
 Apr. 2011 Retired from Toyota Motor (China) Investment Co., Ltd. President
 Jun. 2011 Full-Time Audit & Supervisory Board Member of TMC (to present)



Yoshiyuki Kagawa

Apr. 1983 Joined TMC
 Jun. 2015 Full-Time Audit & Supervisory Board Member of TMC (to present)

Outside Audit & Supervisory Board Member



Yoko Wake

Outside Independent

Apr. 1993 Professor of Faculty of Business and Commerce of Keio University
 Jun. 2011 Outside Audit & Supervisory Board Member of TMC (to present)
 Apr. 2013 Emeritus professor of Keio University



Teisuke Kitayama

Outside Independent

Jun. 2005 President and Director of Sumitomo Mitsui Financial Group, Inc.
 Jun. 2005 Chairman and Director of Sumitomo Mitsui Banking Corporation
 Apr. 2011 Retired from Chairman and Director of Sumitomo Mitsui Banking Corporation
 Jun. 2014 Outside Audit & Supervisory Board Member of TMC (to present)



Hiroshi Ozu

Outside Independent

Jul. 2012 Prosecutor-General
 Jul. 2014 Retired from Prosecutor-General
 Sep. 2014 Admitted to the bar
 Jun. 2015 Outside Audit & Supervisory Board Member of TMC (to present)

Risk Management

Basic Philosophy

In response to the series of recall issues in 2010, Toyota has been reinforcing its risk management systems. A Risk Management Meeting (now renamed Corporate Governance Meeting) was established in June 2010 and risk managers were appointed as part of global measures in each section to take preventive action across the range of risk occurring in business activities.

Organization and Structure

Appointment of Risk Management Personnel

Toyota appointed a Global Chief Risk Management Officer (CRO) to head global risk management and established a structure under the Global CRO to monitor risks on a daily basis. This makes it possible to respond immediately in the event of an emergency.

Regional CROs are appointed under the Global CRO to oversee individual regions, and each region has its own risk management structure. In the in-house Head Office, the chief officers and the risk managers in each department and division are appointed to be responsible for managing risks according to function, while in each company the respective presidents and risk managers are appointed to be responsible for managing risks according to products to cooperate with and support each Regional Head Office.

Promotion by Corporate Governance Meeting

Since April 2015, an optimal governance structure has been deliberated in the Corporate Governance Meeting, which serves as a supervising body over business implementation, to realize growth and business strategies

that have taken a wide range of social challenges into consideration. The Meeting discusses matters related to risk management.

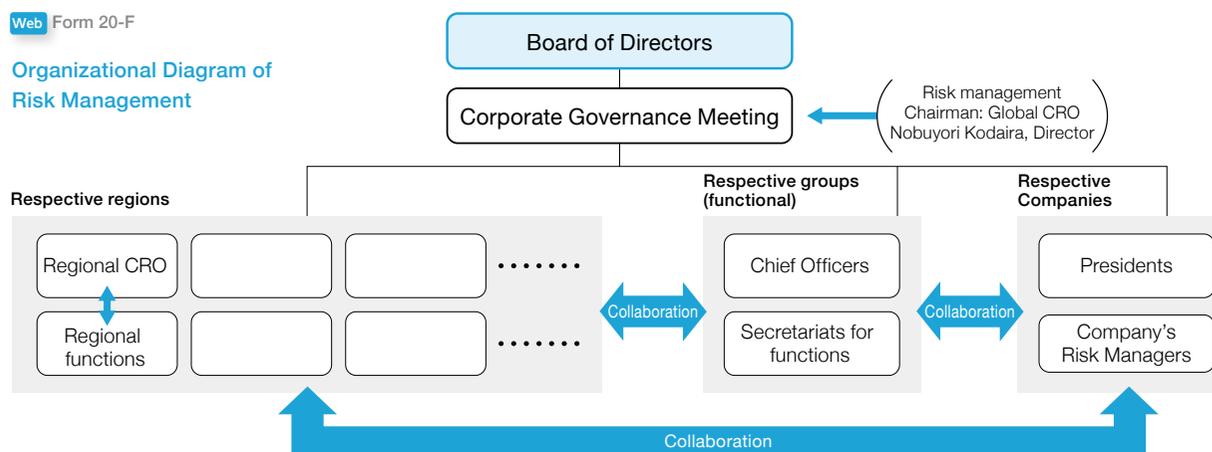
Two of the five yearly meetings of the Corporate Governance Meeting are attended by the CRO of each region, all Chief Officers and all Company Presidents. This enables the meeting to comprehensively identify risks to business activities and initiate preventive action. At the meeting, improvements and reinforcements to the risk management system of each region are confirmed and serious risks are reported along with all current risk items. Reports are also made on the status of initiatives against imminent serious risks and other risks with global implications. In particular, we are focusing on information security and Business Continuity Management (BCM) where businesses are recently exposed to increased risk.

Risks that could affect Toyota's business operations are listed in the Form 20-F. These risks include items that could impact the decision of investors.

Related Information

[Web](#) Form 20-F

Organizational Diagram of Risk Management



Business and Other Risks

Industry and Business Risks	<ul style="list-style-type: none"> The worldwide automotive market is highly competitive The worldwide automotive industry is highly volatile Toyota's future success depends on its ability to offer new, innovative and competitively priced products that meet customer demand on a timely basis Toyota's ability to market and distribute effectively is an integral part of Toyota's successful sales Toyota's success is significantly impacted by its ability to maintain and develop its brand image Toyota relies on suppliers for the provision of certain supplies including parts, components and raw materials The worldwide financial services industry is highly competitive Toyota's operations and vehicles rely on various digital and information technologies
Financial Market and Economic Risks	<ul style="list-style-type: none"> Toyota's operations are subject to currency and interest rate fluctuations High prices of raw materials and strong pressure on Toyota's suppliers could negatively impact Toyota's profitability A downturn in the financial markets could adversely affect Toyota's ability to raise capital
Political, Regulatory, Legal and Other Risks	<ul style="list-style-type: none"> The automotive industry is subject to various governmental regulations Toyota may become subject to various legal proceedings Toyota may be adversely affected by natural calamities, political and economic instability, fuel shortages or interruptions in social infrastructure, wars, terrorism and labor strikes

Compliance

Basic Philosophy

The Guiding Principles at Toyota states that Toyota will “honor the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good citizen of the world.” It is through this process that Toyota seeks to fulfill the responsibilities expected of it, which leads to compliance. In accordance with its Basic Approach to Internal Controls, Toyota is promoting initiatives centered on the construction of frameworks such as those for adopting and implementing the Code of Conduct and human resource development through education and other means. Toyota has also established consultation hotlines to ensure that no issue is overlooked and detailed responses can be made.

Toyota Code of Conduct

The Toyota Code of Conduct (adopted in 1998 and revised in March 2006) organizes fundamental concepts and sets forth concrete guidelines for all Toyota personnel so that we can put the Guiding Principles at Toyota into practice and carry out our social responsibilities.

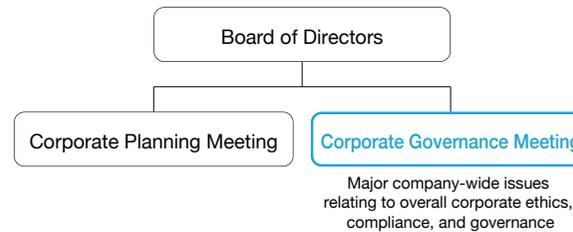
A booklet containing a copy of the Toyota Code of Conduct is distributed to all employees to put into practice at work and in society.

[Web](#) Company (Toyota Code of Conduct)

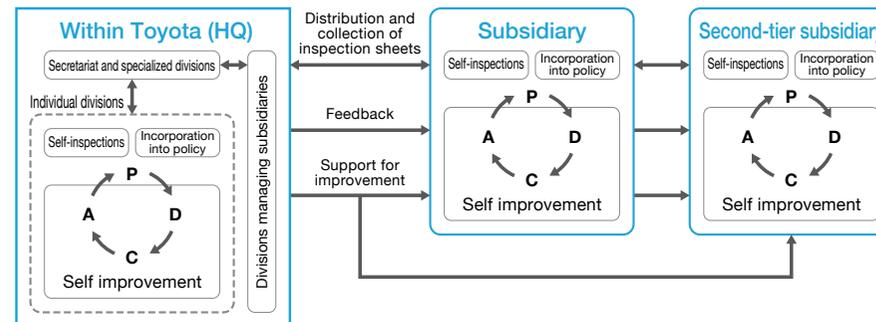
Organization and Structure

Since April 2015, an optimal governance structure has been deliberated in the Corporate Governance Meeting, which serves as a supervising body over business implementation, to realize growth and business strategies that have taken a wide range of social challenges into consideration. The Meeting discusses matters related to compliance.

Organizational Diagram



Activity Diagram



Checking Activities to Enhance Compliance

In FY2008, Toyota started checking activities to enhance its compliance structure. In FY2009, Toyota also started the checking of subsidiaries in addition to internal checking. These activities are being implemented annually with improvements. The results of the activities were reported to the Corporate Governance Meeting, and Toyota continues to push ahead with improvements based on the results.

By incorporating areas that need improvement into action plans for each fiscal year, we are able to undertake continuous measures without interruption.

We also make visits to subsidiaries and take action to determine actual conditions and provide suitable support.

Human Resource Development

Overview of Initiatives

Basic Philosophy

Toyota is committed to developing human resources in accordance with the philosophy that “*Monozukuri* is about developing people.” In order to sustain growth, it is important to strive toward achieving people-centric *monozukuri* (manufacturing) and utilize people’s wisdom to make improvements day after day.

In order to support the globalization of business with the various cultures and customs that exist, all employees must share the same values to carry out policies such as ever-better cars and Customer First.

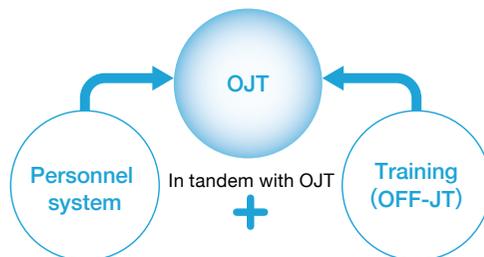
To ensure this, Toyota develops human resources for sustainable growth by implementing an educational program centered on the Toyota Way* globally, which is based on OJT that is crucial for the development and passing down the tradition of excellent *monozukuri* (manufacturing).

* Toyota Way

Web Toyota Way 2001

OJT (On the job training) Development of human resources through *Genchi Genbutsu*

We believe the basis for developing human resources at Toyota is our workplace. Daily work (OJT), being mentored by supervisors and seniors while also mentoring subordinates and juniors, and building “relationships in which we can learn from one another” inspire us all to grow further and achieve more. Additionally, Toyota also offers a variety of training as OFF-JT to supplement OJT.



“Global Content” designed to implement the Toyota Way all over the world

We have organized and arranged job types and techniques into what we call “Global Content” to share values and ways of thinking so that The Toyota Way can be understood and practiced by Toyota employees working all over the world. This Global Content is practiced by Toyota employees through training and OJT both in Japan and overseas. Workers share the Global Content, which act as a common language, giving Toyota an advantage that unifies everyone and providing a platform to work more effectively.

List of Global Content

	Administrative and Engineering employees	Shop floor employees
Managers	Policy management Managing items to be implemented to accomplish workplace missions and create	Skills and roles of management and supervision <ul style="list-style-type: none"> • Manager and supervisor skills for managing execution of standard operations • Group and team operational knowledge, etc. for managing irregularities
	Education of subordinates Systems for training subordinates through one’s daily work	
General employees	Problem solving Techniques for improving current conditions in order to realize ideal working conditions	
	Ji kotei-kanketsu (built-in quality with ownership) How to work in order to continually produce the best output	Production skills <ul style="list-style-type: none"> • Knowledge regarding recognizing irregularities and crucial points • Trouble-shooting capability
		Basic skills Minimum skills necessary for production line work
	Toyota Way Values and ways of thinking that should be held by those working for Toyota	

Major Initiatives

Transfer Program to TMC Head Office from Overseas Affiliates

With the goal of promoting self-reliance in overseas affiliates, we have a program in place where employees temporarily transfer from overseas affiliates to the TMC (Toyota Motor Corporation) Head Office for human resource development using OJT. Transferees focus on learning skills, know-how and the Toyota Way throughout their training period, which ranges from six months to three years. In addition, executives of affiliates serve as a general manager at the Head Office to learn about the decision-making process in Toyota and build a network with other employees.

As of May 2016, a total of 438 transferees from 59 affiliates in 30 countries were working in Japan under the program.

“QC* Circle Activities” to develop human resources for the shop floor

Toyota is developing QC* Circle Activities as part of a system to develop human resources capable of carrying on its business activities on a global scale. The circles are formed primarily by employees in shop floor jobs, who actively engage in activities to identify and solve on-the-job problems. All employees come together and participate, going beyond titles and positions, and try to raise the energy level of people and organizations.

* Quality Control

Related Information

Sustainability Data Book 2016: Society (Employees) (P53)

Promoting development of human resources by work style innovation

Under our new organization structure formed in April 2016, we will reform our traditional way of working in order to keep offering “ever-better cars.”

For example, each vehicle-based company now uses a compact team to cover everything from development to production; this helps us develop people capable of making decisions from wider, cross-functional perspectives, with a view to optimize the entire team.

Related Information

Company: Towards Sustainable Growth (Strengthening our management base) (P29)

Environment

[Overview of Initiatives](#)

Basic Philosophy

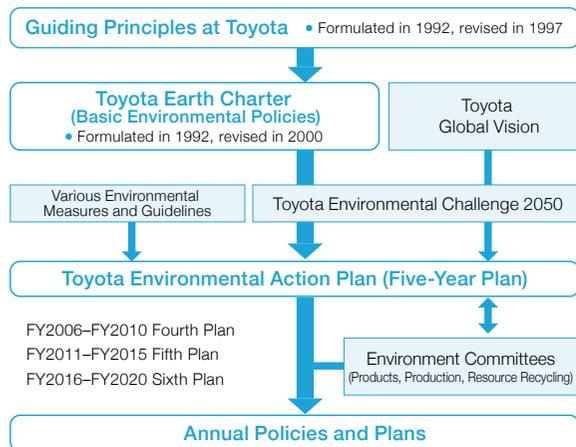
Toyota's philosophy and policies on the environment are based on the Guiding Principles at Toyota, which were established in 1992 and revised in 1997. Policies for environmental initiatives were formulated as the Toyota Earth Charter in 1992 and then revised in 2000. This Charter is shared among 559 Toyota consolidated affiliates around the world.

The Toyota Global Vision announced in 2011 stresses the importance of "respect for the planet." Based on its philosophy and policies, in FY2015 Toyota formulated the Toyota Environmental Challenge 2050, its first long-term vision for environmental initiatives. In FY2016, Toyota will begin the Sixth Toyota Environmental Action Plan (2016–2020) and take steps to grow sustainably together with society toward the year 2050.

[Web](#) Environmental Management (Toyota Earth Charter)

[Web](#) Toyota Environmental Challenge 2050

Toyota Environmental Action Plan System



The Sixth Toyota Environmental Action Plan

The Sixth Toyota Environmental Action Plan defines the activities to be implemented over FY2016–2020 in order to meet the six challenges outlined in the Toyota Environmental Challenge 2050.

In formulating the plan, environmental activities were categorized according to the three priority themes of the Fifth Plan: "contribution to a low-carbon society," "contribution to a recycling based society," and "environmental protection and contribution to a society in harmony with nature." Embracing these three themes, Toyota will contribute to the sustainable development of society and the planet by ensuring harmony with the global environment in its *monozukuri* (manufacturing), *kurumazukuri* (car-making) and delivery of products and services.

[Web](#) The Sixth Toyota Environmental Action Plan

Promotion Structure and Framework

Since April 2015, Toyota has been considering growth and business strategies that take a variety of social issues into account at the Corporate Planning Meeting. Environmental actions are discussed alongside business strategies in this meeting. Through the following three committees—the Environmental Product Design Assessment Committee, the Production Environment Committee, and the Resource Recycling Committee—issues and response policies in all areas are investigated, and company-wide initiatives are promoted in liaison with all relevant divisions.

Organization Framework



Promotion Structure for Global Environmental Management

Toyota positions the environment as a key management issue and has formed and promoted activities through a promotion structure for global environment management. From the standpoint of "more Toyota people should take the initiative in concern for the environment," the scope of our programs covers not only consolidated subsidiaries, but also voluntarily participating non-consolidated affiliate companies and production companies for a total of 559 firms. These companies cover almost 100 percent of the total production volume and approximately 90 percent of the total sales volume.

Promotion Structure for Global Environmental Management



Toyota actively discloses its environmental information. Please refer to The Environmental Report 2016 for more details about our environmental initiatives.

[Web](#) Environmental Report 2016

Social Contribution Activities

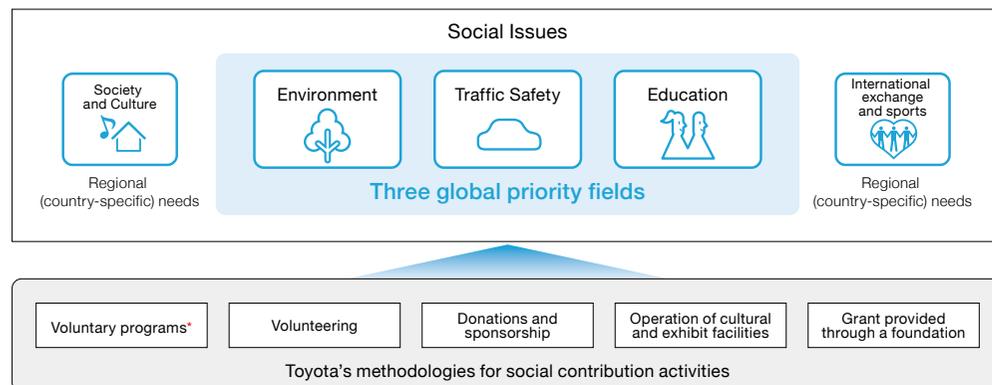
Basic Philosophy

Based on Toyota's origins, which can be traced back to the founding principle of contributing to society by making automobiles, we have been striving to contribute to the advancement of society.

The Corporate Citizenship Activity Committee was established in 1989 under the leadership of the president, the CSR Principles were adopted in 1995, and the Corporate Citizenship Division was established in 2006. In this way, Toyota has established systems for the steady implementation of CSR programs and is undertaking collaboration on a global scale.

We set the environment, traffic safety, and education as the three global priority fields for our initiatives, in addition to making social contributions through our main business. To these, we have added fields such as society and culture according to the social needs of each country or region, undertaking active measures while utilizing our resources

Social Contribution Activity Fields



* Social contribution activities that are planned, developed, and implemented by a company on its own depending on the situation

including technology and expertise. Also, emphasis has been placed on support for volunteering and sustaining automotive and manufacturing cultures.

The Toyota Global Vision announced in March 2011 that it positioned enriching the lives of communities as one of the main objectives of Toyota's business, in addition to making ever-better cars. We are taking steps to solve local issues in order to enrich the lives of communities and with a sense of gratitude toward the people in them.

Organization and Structure

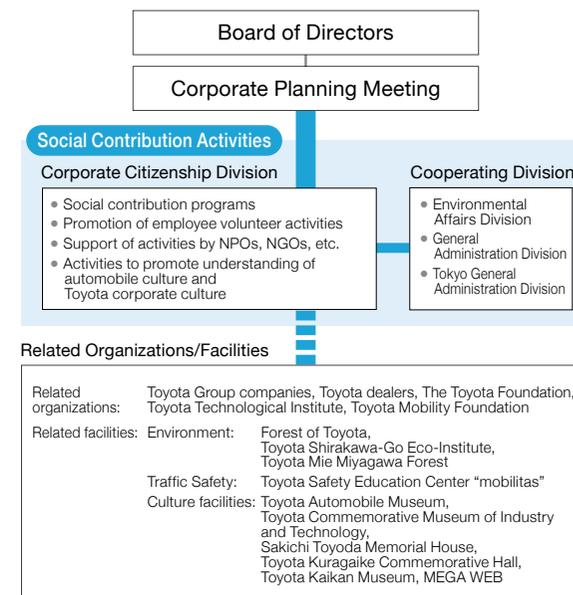
Implementation Structure Centered on Corporate Citizenship Division

The Corporate Citizenship Division, a specialized division for corporate social contribution activities, plays a lead role in deploying activities.

Since April 2015, Corporate Planning Meeting has been held to discuss growth and business strategies, taking into

account a wide range of social issues. Business strategies and initiatives related to social contribution activities are discussed at the Meeting.

Implementation Structure



Overseas: Implementation Structure Centered on Toyota Regional Headquarters

Toyota and Toyota regional headquarters in North America, Europe, Asia and China have formed a network to strengthen their promotional efforts. The regional headquarters conduct promotional activities within their regions while maintaining close communications with Toyota.

Related Information

- Sustainability Data Book 2016: Social Contribution Activities (P105)