

Editorial Policy Contents Overview of Toyota Motor Corporation			Corporate Principles/CSR Structure			Society			Environment			Governance			CSR Data								
Initiatives for Improving Traffic Safety		Customer First and Quality First Measures		Creating an Affluent Society		Social Contribution Activities		Respect for Human Rights		Collaboration with Business Partners		Employees		Safety and Health		Human Resources Development		Diversity and Inclusion		Creating Attractive Workplaces		Stakeholder Engagement	

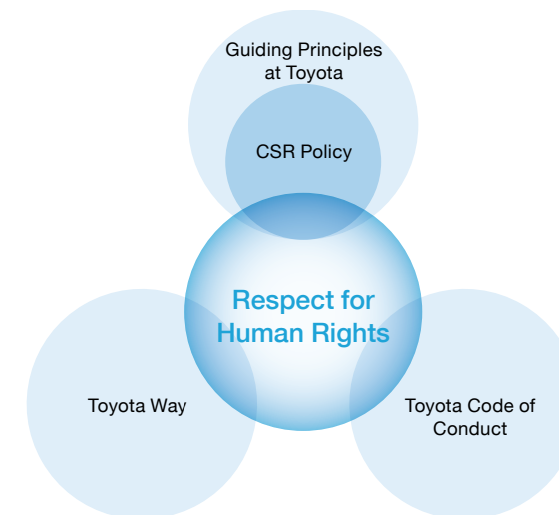
Respect for Human Rights

Fundamental Approach In its Guiding Principles at Toyota, Contribution towards Sustainable Development (CSR Policy) and the Toyota Code of Conduct, Toyota states the concept of respecting and honoring the human rights and other rights of all people. Moreover, the Toyota Way lays out the values that employees working at Toyota should share, based on the Guiding Principles at Toyota.

Of the two pillars of the Toyota Way—“Continuous Improvement” and “Respect for People”—Respect for People means to respect all stakeholders as well as to respect the character and abilities of employees as individuals. It also facilitates personal achievement by linking the personal growth of employees to company performance.

The Toyota Way is considered a shared value for all our affiliates around the world. While referencing each nation’s laws and customs as well as various international guidelines and norms such as the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights, we promote various activities to provide employees with secure and attractive workplaces as well as aiming to respond to the expectations of our stakeholders. Toyota makes efforts so that these concepts are put into practice throughout Toyota’s global business activities, which include subsidiaries and suppliers.

For details on the Toyota Way, please see page 6.



Major Initiatives during FY2018

TMC

TMC established the Consolidated Compliance Program to check whether respect for human rights is shown in daily work. Self-checks and follow-ups are implemented targeting respective functions each year.

Subsidiaries in Japan and Overseas

Toyota requests the implementation of self-checks in the Consolidated Compliance Program once a year for its subsidiaries in Japan and once every two years for overseas subsidiaries. Since 2012, subsidiaries have been requested to propose and implement improvement measures for addressing human rights and labor issues based on the results of the self-checks. In 2017, self-checks were conducted at our domestic and overseas subsidiaries and requests for improvements were made based on necessity amongst them.

Suppliers

Toyota developed and rolled out the Toyota Supplier CSR Guidelines in 2009, which describe policies and approaches to human rights, along with expectations of suppliers. The suppliers are requested to conduct self-checks in accordance with the guidelines. At the end of 2012, the Toyota Supplier CSR Guidelines were revised. Since then, regarding human rights and labor, which are considered prioritized items, confirmation of status, requests for improvement, and monitoring of improvement activities as needed have been conducted through the distribution and collection of questionnaires. So far, the questionnaires have been distributed to our suppliers in Japan and overseas (approximately 3,000 companies), and improvement requests were made to suppliers as necessary.

Dealers

In Japan, the Toyota National Dealers’ Advisory Council (TNDAC) which is comprised of Toyota dealers, voluntarily developed and issued the TNDAC CSR Guidelines in 2005. The guidelines include Toyota’s compliance policies. As a specific action for improvement, each dealer checks the items related to human rights and labor in the CSR Check List and executes PDCA. Each dealer’s annual activities are shared with TNDAC.

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Organization and Structure

Toyota is responding to changes such as growing demands concerning human rights, by continuously enhancing and reviewing its corporate initiatives.

For example, in conjunction with the reinforcement and revision of international guidelines on due diligence, a Human Rights Working Group was established in 2011 to incorporate various functions including corporate planning (now Corporate Affairs), overseas external affairs, audit, legal, accounting, human resources and purchasing to study international guidelines and measures that Toyota should take. We hold Sustainability Meetings to discuss the expectations of our stakeholders and human rights issues. We ensure a structure where both the company and society can grow sustainably by studying, strengthening measures, and revising activities to put into actual practice.

Organizational Structure



Please see also Sustainability on page 9 for our sustainability structure.

Sharing and Applying Policies on Respect for Human Rights

Toyota	Subsidiaries	Suppliers	Dealers
CSR Policy: Contribution towards Sustainable Development		Toyota Supplier CSR Guidelines	Dealer CSR Guidelines (Japan)
Consolidated Compliance Program		Improvement requests to suppliers as necessary	
		Self-checks	
Training			

Toyota's Approaches to Conflict Minerals Issues

Toyota is taking various measures to realize protection of human rights.

Civilians in certain regions around the world are being subjected to massacres, plunder, abduction, conscription of child soldiers, and other inhumane conduct as a result of armed conflict, thereby giving rise to international condemnation. In the Democratic Republic of the Congo (DRC), which is located in central Africa, the unlawful mining and smuggling of the country's abundant mineral resources is said to be a major source of funding for armed groups.

Toyota undertakes business with a strong awareness that violations of human rights, environmental degradation, unlawful mining, and other issues in these conflict regions as well as the issue of minerals that provide sources of funding to armed groups through such actions are major social issues concerning the supply chain. Toyota has conducted a reasonable country of origin inquiry with due diligence for its products since May 2013. A report summing up the survey results for the period between January and December of 2017 was compiled in the 2017 *Form SD* and *Conflict Minerals Report** and submitted to the U.S. Securities and Exchange Commission on May 31, 2018.

We aim at procurement and usage that are free from conflict minerals originated in the DRC or an adjoining country and relating to illegal conduct including human rights infringement. For that purpose, Toyota will work together with parts suppliers, automotive industry organizations and other relevant organizations.

[Web https://www.toyota.co.jp/pages/contents/jpn/investors/library/sec/pdf/form_sd_201805_final.pdf](https://www.toyota.co.jp/pages/contents/jpn/investors/library/sec/pdf/form_sd_201805_final.pdf) *2017 Form SD and Conflict Minerals Report*

Toyota's Policy on Conflict Minerals

Toyota has adopted Policies and Approaches to Conflict Minerals Issues—a set of guidelines the company is supposed to refer to in tackling conflict minerals issues. Based on the guidelines, Toyota is dealing with the issues. Meanwhile, the company revised the Toyota Supplier CSR Guidelines in 2012, asking its suppliers to engage in responsible material procurement.

Toyota's Policies and Approaches to Conflict Minerals Issues

We—Toyota Motor Corporation and its subsidiaries—promote obtaining of materials with full deliberation and care to avoid the procurement or usage of materials which are unlawful or which are obtained through unethical or otherwise unacceptable means. We recognize that the situation surrounding conflict minerals originated in the DRC or an adjoining country is one of the significant social issues among supply chains. We aim at procurement and usage that are free from conflict minerals originated in the DRC or an adjoining country and relating to illegal conduct including human rights infringement. To achieve such procurement and usage, we conduct inquiries tracing back through our supply chains and confirm if conflict minerals are used. And we take appropriate steps to discontinue procurement of materials that can cause social problems or finance armed groups if usage is detected. Based on mutually beneficial relationships, we ask our suppliers to understand our policies and approaches and to promote responsible material procurement.

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										Human Resources Development		Diversity and Inclusion		Creating Attractive Workplaces	
														Stakeholder Engagement	

Excerpt from the Toyota Supplier CSR Guidelines (“Responsible Material Procurement”)

We obtain materials with full deliberation and care to avoid the procurement or usage of materials which are unlawful or which are obtained through unethical or otherwise unacceptable means (such as conflict minerals*). We expect suppliers to take appropriate steps to discontinue procurement of these materials if usage is detected.

* Conflict minerals: Minerals originating from the DRC or an adjoining country that have directly or indirectly contributed to the financing of armed groups

[Web https://www.toyota-global.com/sustainability/society/partners/supplier_csr_en.pdf](https://www.toyota-global.com/sustainability/society/partners/supplier_csr_en.pdf) Toyota Supplier CSR Guidelines

Establishment of an In-house System, Industry-to-industry Collaboration, and Participation in Public-private Alliance for Responsible Minerals Trade (PPA)

In 2011, Toyota launched a cross sectional task force in charge of dealing with conflict minerals issues. The team, formally called the Conflict Minerals task force, consists of representatives from relevant departments such as corporate planning (current corporate affairs), purchasing, accounting, public relations, external affairs, legal, and material engineering within the company. The team has begun considering what actions are to be taken regarding conflict minerals.

Also in 2011, Toyota set up a working group on conflict minerals jointly with the JAPIA¹. The move represented the domestic automotive industry-wide efforts to cope with issues associated with conflict minerals. In 2012, Toyota and its parts suppliers belonging to the JAPIA joined hands in conducting a trial-based survey on conflict minerals used in their products, kicking off their preparations for launching full-fledged investigation into the issues. In 2013, the Japan Conflict-free Sourcing Working Group was established by automakers and companies belonging to the JEITA². Main activities undertaken by the Japan Conflict-free Sourcing Working Group include the investigation of identity regarding firms engaging in smelting in conflicted areas and making visits to organizations representing smelters. The association has been also pressing for smelters to obtain a certificate confirming that minerals they use in their products are DRC conflict-free.

Toyota’s efforts to work with other industry groups on the issue of conflict minerals are not limited to activities in Japan. Toyota has been working globally to deal with the issue. For example, the company has participated in a working group set up by the AIAG³, a U.S. group tasked with setting code of conduct for the auto industry. Toyota has been also cooperating with the RMI⁴ through activities of each working group. Through AIAG, we supported and contributed to RMI activities.

Toyota Motor North America, Inc. (TMNA), a U.S. subsidiary of Toyota, contacted 45 smelters/refiners between January and December, 2017, as Leader of AIAG’s Smelter Engagement Team, and contacted an additional 7 smelters/refiners in addition to the 45 above as Team-Lead of the Global Smelter Engagement Teams Working Group. They performed surveys of smelters and encouraged them to participate in the

Responsible Minerals Assurance Process (RMAP). TMNA also joined the European Smelter Engagement Team in order to further identify and engage more smelters/refiners.

In addition, Toyota participated in Phase 1 of the Public-private Alliance for Responsible Minerals Trade (PPA⁵), a multi-sector initiative whose members include the U.S. government, industry organizations and citizen groups. The PPA encourages responsible minerals trade that is free from material procurement in certain areas marred by regional conflict, including the DRC or an adjoining country, and coordinates support to organizations engaged in the critical work to develop conflict-free supply chains. Toyota agrees with the spirit of the PPA’s efforts, and considers resolving issues that may hinder the trading of legitimate mineral resources in those countries. For this purpose, it refrains from requesting suppliers to not use any minerals in the area, regardless of their relation to human rights violations. Based on that awareness, it believes promoting initiatives industry-wide for use of materials that are free from conflict at smelters who are upstream in the supply chain is one way to resolve human right infringement issues and ultimately develop a more civil society.

As a result of the industry-wide cooperation outlined above, the number of conflict-free smelters and refiners worldwide has been increased to 250 as of November 2017⁶. Toyota has confirmed that 249 out of those 250 conflict-free smelters were named by our suppliers in response to our request for the 2017 survey.

¹ JAPIA: Japan Auto Parts Industries Association (<http://www.japia.or.jp/english/>)

² JEITA: Japan Electronics and Information Technology Industries Association (<https://www.jeita.or.jp/english/>)

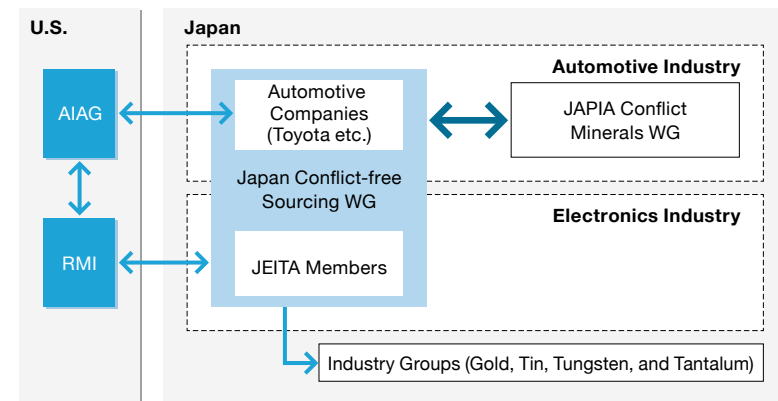
³ AIAG: Automotive Industry Action Group (<https://www.aiag.org/>)

⁴ RMI: Responsible Minerals Initiative, formerly Conflict-Free Sourcing Initiative (<http://www.responsiblemineralsinitiative.org/>)

⁵ PPA: The Public-Private Alliance for Responsible Minerals Trade (<http://www.resolv.org/site-ppa/>)

⁶ Toyota started analysis of the survey results in November 2017

Overview of Industry-to-industry Collaboration



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Reasonable Country of Origin Inquiry

■ Details of Surveys Implemented in 2017

In May 2013, Toyota launched a full-scale reasonable country of origin inquiry. Since then, the survey has been conducted globally, covering its subsidiaries operating both in Japan and abroad. In 2017, Toyota carried out the survey for all kinds of business undertaken by Toyota, including automobiles and marine transportation equipment. Tracing back through our supply chains globally, suppliers operating in Japan and overseas were asked to check if conflict minerals have made their way into the supply chains of their products.

We contacted suppliers who had not submitted a Conflict Minerals Reporting Template (CMRT), and collected CMRTs from thousands of suppliers in total. We have reviewed suppliers' CMRTs and requested them to make corrections if there are errors and/or omissions in order to effectively improve our efforts associated with conflict minerals.

Before the survey began, Toyota held a briefing session for suppliers while formulating a manual detailing how to fill in the survey sheet and developing a tool used to compile survey results. Also, Toyota supported a briefing session co-sponsored by JAPIA and JEITA. Further, we have been collaborating with our suppliers via regular communications, made possible by our strong and close relationships. As we have been closely communicating with major Tier-1 suppliers, some of the feedback we received from them was integrated into conflict minerals survey-related materials, such as survey manuals, FAQs and other tools. Those materials are provided to suppliers free of charge, with the aim to provide support on the survey.

In addition, Toyota has been doing its due diligence regarding identification of the origin of minerals being used by its suppliers, and their distribution and production processes in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High-risk Areas.

Based on the risks identified through the due diligence, the issue has been discussed at the management level, then the company designed and implemented a strategy to respond to such risk, which was documented as a risk management plan.

For domestic and overseas suppliers for Toyota brand and Lexus brand vehicles, we have identified priority suppliers for following up to mitigate the identified risk in accordance with the internally-developed criteria and procedures.

■ Results of Surveys Implemented in 2017

The 2017 survey results were incorporated into *Form SD* and the *Conflict Minerals Report*, which have been filed with the SEC. Automobile supply chains are broad and complex, and as a result, in many

instances the 2017 survey was not able to identify smelters/refiners and mines in upstream portions of the supply chain. For further information on the survey results, please see below.

As for an in-house system for handling the inquiries on details of survey results, it is designed that all the inquiries we receive from outside parties are raised to the Conflict Minerals task force and discussed among the members of the team.

Results of Surveys Implemented in FY2018

Conflict Minerals' Country of Origin

Because sufficient information to identify a portion of the smelters/refiners and the countries of origin of conflict minerals was not provided by its suppliers, Toyota was unable to determine if any of its products to be DRC conflict-free.

Facilities Used to Process Conflict Minerals

During the course of our due diligence on the source and chain of custody of the necessary conflict minerals, Toyota has collected information on some, but not all, of its smelters/refiners. Among those smelters/refiners, we found some of them processed minerals sourced in the DRC or an adjoining country. However, through our due diligence, we were unable to obtain sufficient information to determine whether those conflict minerals were from mines which financed or benefitted any armed group.

[Web](https://www.toyota.co.jp/pages/contents/jpn/investors/library/sec/pdf/form_sd_201805_final.pdf) https://www.toyota.co.jp/pages/contents/jpn/investors/library/sec/pdf/form_sd_201805_final.pdf *2017 Form SD and Conflict Minerals Report*

Future Efforts

Toyota aims to become a company which does not use conflict minerals originating from the DRC or an adjoining country that were mined and sold under the control of armed forces to finance conflict and violation of human rights, as materials for their products. Toyota has pledged to become DRC conflict free in collaboration with suppliers. Toyota finds it necessary to establish the environment that enables implementation of survey and due diligence through gathering information on smelters and lobbying to organizations of smelters. For that environment to be created, Toyota will work with industry and other groups.

Future Effort Details

- Improve the reasonable country of origin inquiry (RCOI) survey and due diligence
- Improve the measures of the RCOI survey based on feedback from major Tier 1 suppliers
- Conduct awareness-raising activities for suppliers such as providing conflict minerals survey-related materials including guidance manuals, holding sessions on a regular basis in cooperation with JAPIA and continuing to communicate and exchange opinions with trade partners with direct business
- Encourage smelters/refiners to participate in the RMAP through the industry organizations such as AIAG and JAPIA
- Continue industry-wide cooperation such as contribution to RMI through AIAG
- Follow up with suppliers if there is room for improvement in terms of responsible material procurement, which is among the requirements described in the Toyota Supplier CSR Guidelines