

SUSTAINABILITY REPORT

— 2022



TOYOTA

TOYOTA

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Letters to stakeholders





LETTER TO TOYOTA MOTOR ITALIA'S STAKEHOLDERS



The complexity of the global context that we are all witnessing requires a continuous dialogue with all our stakeholders. The Sustainability Report represents for Toyota Motor Italia an important opportunity for discussion on ESG issues, which are extraordinarily topical and central to our business.

It is becoming increasingly clear to everyone how overcoming the challenge of achieving the carbon neutrality is fundamental to ensuring a future of prosperity for our planet. Toyota has always demonstrated an extraordinary commitment to imagine and develop what is necessary to succeed in this challenge. All this through its constant contribution to the realization of a sustainable and inclusive society, thanks to innovative and electrified mobility solutions and new services, to allow everyone to move without barriers and limitations, in total safety and respect for the environment, without leaving anyone behind. This commitment is embodied in the vision called "Beyond Zero" according to which the goal of zero emissions is only an intermediate step towards a future in which moving makes the world a better place. Moreover, the fundamental element of the vision "Beyond Zero" is the use of hydrogen that embodies the ambition to go "beyond" zero emissions, and to contribute not only to the construction of a better society but to produce happiness for all as well, also thanks to the better use of this important energy carrier.

What we are experiencing today - in relation to the importance of the supply from energy sources - increasingly motivates

the multi-technological approach that Toyota pursues in the electrification strategy, in order to offer its customers around the world a wide range of solutions, with a strong focus on technologies such as battery electric and electric powered by hydrogen fuel cell. Electricity and hydrogen are two energy carriers that, if produced from renewable sources, will allow us to significantly reduce CO₂ emissions from mobility.

Innovation continues to be a fundamental feature of our products but also of our services that allow us to increase the benefits that the Toyota group offers to its customers. Expression of this drive towards innovation is the WeHybrid ecosystem that, thanks to the common commitment of all Toyota companies in Italy, is enriched with new elements and is successful on the market, above all, turning the customer into a true ambassador of the technology of our cars as a witness of the concrete benefits deriving from the virtuous use of our electrified solutions.

Even the dealers of the official Toyota and Lexus network, which have always been sensitive to ESG issues, continue to proactively support the objectives set by the Toyota Group with initiatives and projects. Starting this year, to the various initiatives that each year are strengthened, such as the Environmental Management System compliant with the international standard ISO 14001:2015, we added a new specific program for our partners spread across the territory called the Green Retailer Program (GRP) to accompany them on an environmental leadership path, in order to reach by 2050 specific ESG objectives related to the activity of Best Mobility Partners in the territory.

Moreover, the strong attention to the Diversity & Inclusion issues is an integral part of Toyota's DNA, its way of working and doing business every day. Diversity is the foundation of Toyota's corporate citizenship and social responsibility in every context in which it operates. Toyota Motor Italia strives daily to pursue its mission through several social initiatives, aimed at raising awareness on the issues of diversity and inclusion. Examples of this are the collaborations with prestigious national and international partners such as the Olympic and Paralympic Committees, Special Olympics, Valore D, Inspiring Girls, and many others.

This year, the contribution to the realization of an inclusive society becomes even more concrete and visible within our organization, where a Diversity & Inclusion Board was recently established, with the aim to further accelerate change in the company on these issues.

This change represents the main element of the design and implementation of the "New Way of Working", which is

concretely changing the way in which all the employees of Toyota Motor Italia and the other companies of the Group carry out their job. During the year we implemented an integrated and innovative strategy that touched all the components of the organization, from the development of effective technologies for the remotization of processes, to the introduction of new management and sustainable leadership models, that can foster a collaborative organizational culture. Even the workplace (in terms of physical space) has been rethought in the logic that goes from office to home. The Toyota Group in Italy has restructured its offices with the aim of creating the office of the future that, in line with the characteristics of the New Way of Working, has determined a complete renewal of the headquarters with the introduction of open spaces and co-working areas, in order to promote creativity, collaboration and exchange of know-how, and ensure a new employee experience, more engaging and inclusive as well as careful to the needs of all.

An investment plan that for some years has also been aimed at updating the plant engineering of the Toyota Group headquarters in Italy, which aims at the energy self-reliance. Energy efficiency is an essential element of the Toyota Group's environmental strategy, which has always been committed to the gradual and constant achievement of carbon neutrality of all the structures in which it carries out its activities. It is for this reason that Toyota in Italy has gone beyond starting for years a direct dialogue with its two main logistics partners, which has established a progressive alignment on energy efficiency targets and emission reduction throughout the flow of vehicle and spare parts handling.

Toyota Motor Italia, in line with what is promoted globally by Toyota, is convinced that a 360° commitment to build an ethical business with a concrete attention to social aspects and human values, that protects the environment and is focused on the needs of all, by valuing all types of diversity and leaving no one behind, represents the only way to achieve common goals such as the Sustainable Development Goals of the 2030 Agenda of the United Nations.

Luigi Ksawery Luca'
Toyota Motor Italia CEO

TOYOTA FINANCIAL SERVICES ITALIA AND KINTO ITALIA LETTER TO STAKEHOLDERS



The world of mobility is undergoing an unprecedented revolution. It is not the car that rides on the territory but instead is the territory that moves the car.

Today, mobility is a concept that goes beyond the simple meaning of movement in the space. Today mobility is much more. Mobility is inclusion, accessibility, innovation and sustainability, and even the concept of territory sees its boundaries widening beyond a purely spatial dimension.

Freedom of movement has always been synonymous of progress for man.

In Ancient Rome, roads and aqueducts represented a conquest, in the Renaissance the idea of physical and ideal infrastructure developed at the service of man at the center of everything. Today, it evolves further and Woven City, under construction by Toyota in Japan, best embodies the very concept of sustainable mobility.

Sustainability in its various forms, environmental, social and economic, has always been part of the DNA of the Toyota group in Italy.

We work in an integrated way, always placing people at the center of our activities with the aim of producing positive externalities for all stakeholders, the result of a virtuous use of technologies and the efficient use of digital platforms dedicated to mobility. The KINTO project represents a concrete example of this, the third global brand of the Toyota Group completely dedicated to mobility services.

KINTO is the affirmation of a system of values that translates into a range of services for people. With KINTO the customer becomes a responsible protagonist of a common path towards sustainable mobility. KINTO's vision envisages the creation of an open mobility ecosystem, synonymous with inclusive and reliable, simple and intuitive as well as sustainable, with the aim of enabling simple and fast movement, for everyone, without leaving anyone behind.

Because the autonomy of movement is one of the noblest forms of freedom.

An important step in the evolution of KINTO in our country was the creation of KINTO Italia in April 2021, and the activation of five mobility solutions intended for individuals, companies, communities and institutions, with a wide and diversified range of services for cover all needs.

Since 2022 KINTO Italia has begun a new phase of expansion characterized by greater proximity to the territory. We worked during the year together with our dealers in the Toyota and Lexus network with the aim of profiling a sustainable mobility demand model that could be a reference in the local communities in which we operate.

Building mobility solutions that respect the planet is one of the foundations of the Toyota Group Vision and of our commitment to a future society that is environmentally friendly and inclusive. And therefore, aware of the paradigm shift brought about by the great global environmental and social challenges that have made clear the need to rethink business models in a sustainable key. In Europe, we are witnessing a growing regulation of the sector - not least the great challenge set by the European Parliament which provides for the marketing of only zero-emission vehicles starting from the year 2035 - to which are added even in our country increasingly stringent measures both nationally and locally.



In this context of great complexity, the Toyota Group reaffirms its global mission: Ever Better Mobility for All.

We are strongly committed to contributing to the construction of a better world by accompanying its main stakeholders on a virtuous path to improve ESG performance.

An example is the WeHybrid program which, since its introduction in 2020, has continued to be enriched with the ambition of building a community of personal and collective responsibility for conscious and sustainable mobility.

The fundamental point lies precisely in this passage: from a generic protection of the environment to a personal, tangible, measurable contribution to sustainability which with the Toyota Group becomes a concrete and even convenient choice. One of the pillars of the program is Wehybrid Credit, launched by Toyota Financial Services Italia and the first solution in the field of sustainability-oriented consumer credit.

Just as there is a strong determination to support the dealerships of the official Toyota and Lexus network along this virtuous path through the use of innovative tools that are establishing themselves in the field of sustainable finance. In this regard, Toyota Financial Services Italia launched a project during the year dedicated to evaluating the integration of ESG parameters into the corporate strategies of our partners, aimed at improving the credit conditions underlying the partnership relationship and, in general, the reputational profile.

A system governance model that will no longer be able to disregard perfect alignment with ESG criteria in the future. In this direction, TFSI and KINTO Italia continue the process of achieving and consolidating the certifications to the international ISO standards: TFSI and KINTO Italia have, in fact, obtained respectively the ISO 9001 certification for Quality and the ISO 18295 certification for the management of their Centers of Customers' Contact, and the ISO 14001 Environmental certification.

It is within this context that Toyota Financial Services Italia and KINTO Italia, together with the other companies, renew and strengthen the transparent dialogue with their stakeholders, presenting the new edition of the Sustainability Report of the Toyota Group in Italy, with the aim to share the many activities and results achieved during the year in relation to the objectives defined in the ESG area.

Mauro Caruccio
Toyota Financial Services Italia CEO
and KINTO Italia Chairman and CEO

LETTER TO TOYOTA INSURANCE SERVICES' E AND-E'S STAKEHOLDER



The Italian branches of Toyota Insurance Services and Aioi Nissay Dowa Insurance Company of Europe present the second Sustainability Report together with the other Toyota companies in Italy, continuing the measurement and transparent reporting of its commitment to sustainability issues.

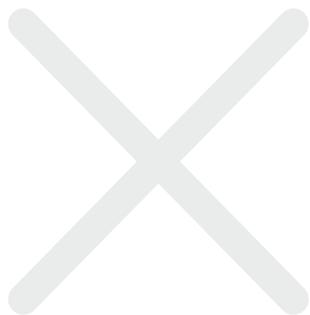
The document has a strategic role because it is a central element to continue the structured dialogue on ESG issues with our stakeholders that have actively contributed to the drafting of this Report and will be increasingly involved in identifying the fundamental guidelines for the development of a strategic commitment on these issues.

The past few years have posed crucial challenges to the automotive sector and Toyota has always been able to react in an innovative and proactive way. In particular, TIS and AND-E are proud to have contributed to the success of the Wehybrid ecosystem through the creation of WeHybrid Insurance, a complete and free RC insurance for the kilometers covered in electric mode. This insurance represents a concrete commitment to sustainability, allowing significant economic savings to all customers who choose innovative mobility solutions, committing to change their driving habits in order to make efficient use of their vehicle. On 31 March 2022, more than 15.000 customers

joined the service, covering over 110 million km, 46% of which in zero-emission mode, with above 50 million Km free for insurance purposes. It is also important to highlight the contribution made by Wehybrid Insurance in terms of greater safety and lower social costs to society. It is observed that those who decide to activate Wehybrid Insurance not only get economic benefits from virtuous driving, but also tend to make less accidents. In particular, there is a 20% lower frequency of claims between Wehybrid Insurance customers and those who activate a traditional policy.

However, our ambitions do not stop there. As part of the Toyota family, our goal remains to deliver a better society to the next generations, and this Report is an opportunity for TIS and AND-E to continue a conscious path that will see our companies grow and transform together with our stakeholders to continue to satisfy our customers while respecting the environment and people, in full Toyota style.

Mario La Femina
Toyota Insurance Management Italia
and Aioi Nissay Dowa Insurance Company Italia CEO



Methodological note

— CHAPTER 1



This document aims to transparently communicate the sustainability strategies of Toyota Motor Italia, Toyota Financial Services Italia, KINTO Italia and the Italian branches of Toyota Insurance Services and AIOI Nissay Dowa Insurance Company of Europe, (throughout the document also referred to as “TMI”, “TFSI”, “KINTO”, TIS” E “AND-E”, or “Group Toyota in Italy” and “Toyota Italy” with reference to all the companies mentioned), regarding environmental, social and governance sustainability. As for TMI, TFSI and KINTO, data refer to the period from 1st April 2021 to 31st March 2022 (throughout the document referred to as “Fiscal Year 22” or “FY 22”), while for TIS and AND-E the reference period is between 1st January 2021 and 31st December 2021. In order to allow comparability of data over time, a comparison with data for the period from 1st April 2020 to 31st March 2021 (in the document “Fiscal Year 21” or “FY 21”) for TMI, TFSI and KINTO, and with the financial year 2020 (from 1st January 2020 to 31st December 2020) for TIS and AND-E is provided. Any perimeter exceptions are expressly explained in the text.

In preparing this document, reference was also made to the sustainability-related information of the parent company Toyota Motor Corporation (in the document also “TMC”), which is contained in the Sustainability Data Book updated in January 2022 or on other communication channels. This annual report has been prepared in accordance with the GRI Standards published by the Global Reporting Initiative (GRI): Core option. In particular, the content reported was selected according to the results of the materiality analysis updated in 2022, which enabled the identification of material aspects for Toyota companies in Italy and for its stakeholders, as described in the paragraph “Stakeholder mapping and materiality analysis” of this document.

The scope of the data and economic information reported for each company in the document is the same as that of the financial statements for the year. With reference to social and environmental data and information, the reporting boundary includes Toyota Motor Italia, Toyota Financial Services Italia, KINTO Italia and the Italian branches of Toyota Insurance Services and AIOI Nissay Dowa Insurance Company of Europe, headquartered at Kiichiro Toyoda, 2, Rome.

In the case of data restatements relating to the previous reporting period or in the case of estimates, these are expressly indicated in the document.

During the reporting period, no significant changes in the size, ownership structure and supply chain of companies occurred.

For further information and suggestions regarding the Sustainability Report of the Toyota Group in Italy, it is possible to contact pr.tmi@toyota-europe.com. This document is also available on the official websites: www.toyota.it and www.lexus.it

It is also available on official websites of TFSI www.toyota-fs.it and of Toyota Insurance companies www.toyota-im.it



Highlights

— CHAPTER 2



DATA ECONOMIC AND FINANCIAL



25 million €

KINTO FY 22 revenue

1.852 million €

TMI FY 22 revenue

134 million €

TFSI FY 22 revenue

15 million €

TIS 2021 revenue

119 million €

AND-E 2021 revenue

BUSINESS DATA



90.000

Toyota and Lexus
vehicles registered
in Italy in 2021



6,1%

Toyota and Lexus
market share
in Italy in 2021



77,5%

Toyota and Lexus
electrified vehicles
sold in Italy in 2021



3rd place

In the automotive
brand list in 2021



1,9%

Share in the
premium market
in 2021

KINTO

4

Integrated mobility
services



Certification
ISO 9001
for TMI and TFSI

Certification
ISO 18295
for TFSI

Certification
ISO 14001
for TMI and KINTO
and the dealer network

Certification
ISO 45001
for TMI



66

Toyota dealers
in Italy

26

Lexus dealers
in Italy

DATA HUMAN RESOURCES



TMI
211
Employees

TFSI and KINTO
133
Employees

TIS and AND-E
53
Employees



29,9%
Women employees

45,1%
Women employees

39,6%
Women employees



6,6%
Under-30 employees

10,5%
Under-30 employees

1,9%
Under-30 employees



72
Job Rotation
handled by companies



35
International & Cross Company
Assignment managed by companies



17.500
hours training by
Toyota Academy



0
Accidents
at work



100%
Energy purchased
from **renewable sources**



4.250 tCO₂eq
Scope 3
emissions



99,9%
waste sent
for **recovery**



2,5 million €
In **Toyota Humanitarian Aid Fund**
to support victims
of conflict in Ukraine



19
Partner schools of the
Toyota Technical Education Program



Main Sponsor
Luiss Master in
Sustainable Mobility for **KINTO**

DATA ESG

Company Profile

— CHAPTER 3



3.1 TOYOTA'S HISTORY

Toyota Motor Corporation, Ltd. was founded in 1937 by Kiichiro Toyoda. Since its founding, it affirms its original production model, which will take the name of Toyota production System (TPS), or Lean Manufacturing System, result of the continuous improvement of the processes. This model aims at minimizing production waste and is based on the “**Jidoka**” and “**just-in-time**” concepts, with the goal of limiting defective products and inventory¹.

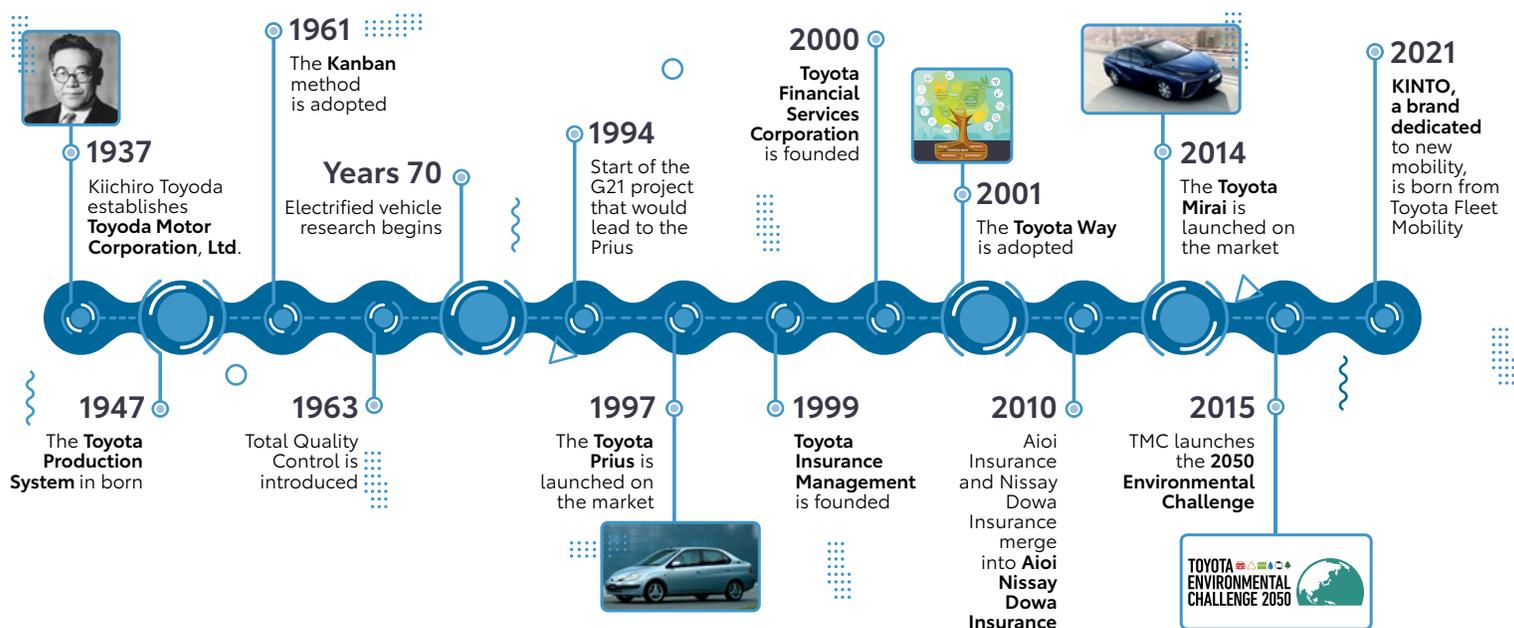


Figure 1

Historical landmarks for Toyota.

¹ TMC, Toyota Production System, <https://global.toyota/en/company/vision-and-philosophy/production-system/>

Since the 1950s, the brand has been steadily gaining ground globally as did its most popular models such as the Corolla. At the same time, Toyota continued to invest in the future and innovation. Indeed, it started research on hybrid drive systems back in the 1970s, which would eventually lead to its global **leadership in the market for electrified solutions**, with the launch of the world's first mass-produced hybrid model², the Toyota Prius, in 1997. Subsequently, with the enhancement of hydrogen as an energy carrier, Toyota arrived in 2014 at the launch of the world's **first mass-produced hydrogen car**, Mirai, a word that in Japanese means "Future"³.

Since the 1980s, Toyota's business has been complemented by its financial services, forming the first local headquarters of Toyota Financial - until the establishment of **Toyota Financial Services Corporation** (TFSC) in the 2000s - and then with insurance services in 1999 with **Toyota Insurance Management**.

More recent is the establishment of **KINTO**, the brand born from the strategic need, defined at Group level, to keep separate the activities related to the development of the medium-to-long-term vehicle rental sector and to the development of mobility systems and technologies, establishing a legal entity separate from the other Group companies.

Words from the Toyota culture

Jidoka – a word that combines the concepts of automation and human intervention, often translated as "autonomous" or "intelligent automation", to indicate a robotic process but supervised by man.

Kaizen – word formed by the terms kai (change) and zen (good, better), to indicate the continuous improvement.

Genchi Genbutsu – literally "go to the source", the ability to directly observe what is happening on the gemba, the workplace, in order to make decisions based on objective and verified data.

Kanban – a word consisting of the terms kan (visual) and ban (signal), indicating the internal circulation of information, based on the use of physical tags, aimed at the efficient management and handling of materials and inventory.

KINTO – name of the new brand dedicated to the new mobility and derived from the Japanese word Kintoun or flying cloud, a cloud that, on request, carries a famous character of Japanese anime.

² TMC, *75 Years of Toyota*, https://www.toyota-global.com/company/history_of_toyota/75years

³ TMC, *75 Years of Toyota*, https://www.toyota-global.com/company/history_of_toyota/75years

3.2

TOYOTA'S VALUES AND VISION

Toyota is today among the top car manufacturers in the world, with sales volumes exceeding 9 million a year, which gives it a responsible role within society.

Toyota's Vision is, in fact, to open all the paths towards the mobility of the future and thus improve the lives of all people in the world through safe and responsible mobility solutions. This is why the company places the search for mobility solutions designed for people, which meet everyone's needs, which respect the planet, safe, reliable, innovative and which go beyond customer expectations, at the heart of its business.

All Toyota employees share the belief that a better solution is always possible at any time, and for this they work together to ensure a continuous improvement process, fundamental for the application of the Toyota Way. Furthermore, Toyota fosters a corporate culture where teamwork and individual creativity thrive, and where people work with pride and passion.

Toyota fosters the spirit of diversity when selecting, training and developing its employees around the world. Human resource development at Toyota will continue to foster the spirit of *monozukuri*,⁴ which advocates the passing and sharing of responsible manufacturing processes across generations.

These concepts represent the values and principles on which the company is based, which Toyota formalized in 2011 in the Toyota Global Vision, which, through the metaphor of the tree shown in Figure 2, reflects the business structure which Toyota must aspire to achieve their ambitious goals.

In this image, the brand's values, including Toyoda's Five Founding Principles, Toyota's Guiding Principles, and Toyota Way, form the roots of the tree, essential elements for the growth of a healthy and robust Organization. In particular, in 2001 the Toyota Way was defined, updated in 2020, which, based on the concepts expressed by the 1997 Guiding Principles, aims to outline the values that have distinguished the company's way of doing business over the years, determining its success, and that still orients the behavior of every member of the Organization.

Today, the world of mobility and the automotive sector is undergoing a profound transformation.

They are changing:

- **The needs of the customer**, increasingly oriented towards the use, rather than the possession of a vehicle;
- **The competitive scenario**, where new players appear from other sectors such as energy suppliers, rental companies, technology operators, non-automotive mobility service providers, and also cities and local administrations;
- **The environmental awareness** of the whole community;
- **The digital context**.

⁴ *Monozukuri* is synonymous with "doing things", the passion or art of doing things. In Toyota it implies maintaining the spirit of the craftsman within industrial production, always trying to improve quality and reduce costs through kaizen.

⁵ Five Basic Principles of Toyoda and the Toyota Guiding Principles, issued in 1935 and 1992 respectively (with an update in 1997), celebrate the importance of values such as dedication, creativity, concreteness, gratitude, human relationships, but also respect for different cultures, teamwork, collaboration with business partners for stable growth. At the same time, they outline the company's mission, which is to offer safe and quality products that meet the needs of its customers, and to help improve people's lives.

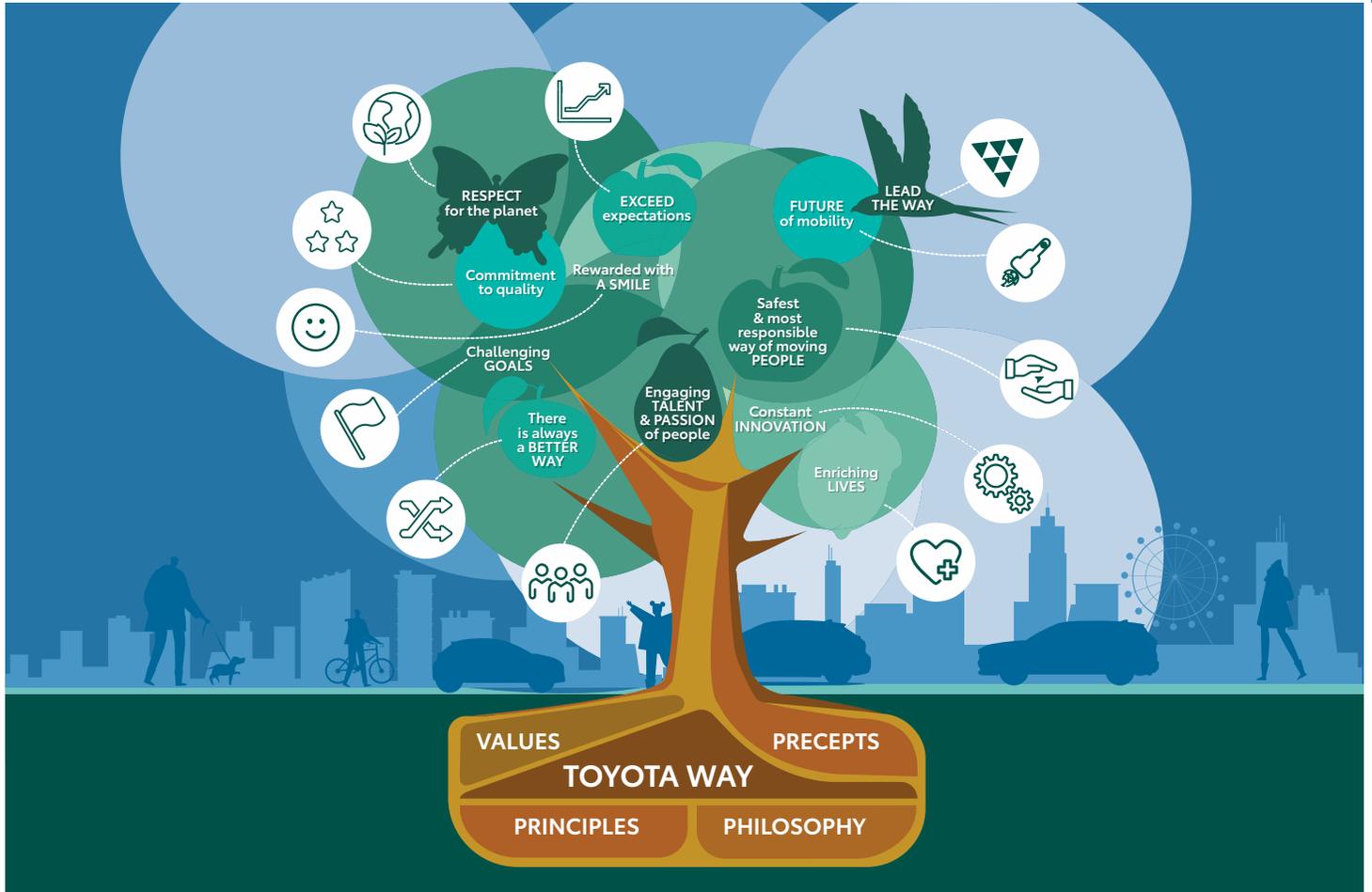


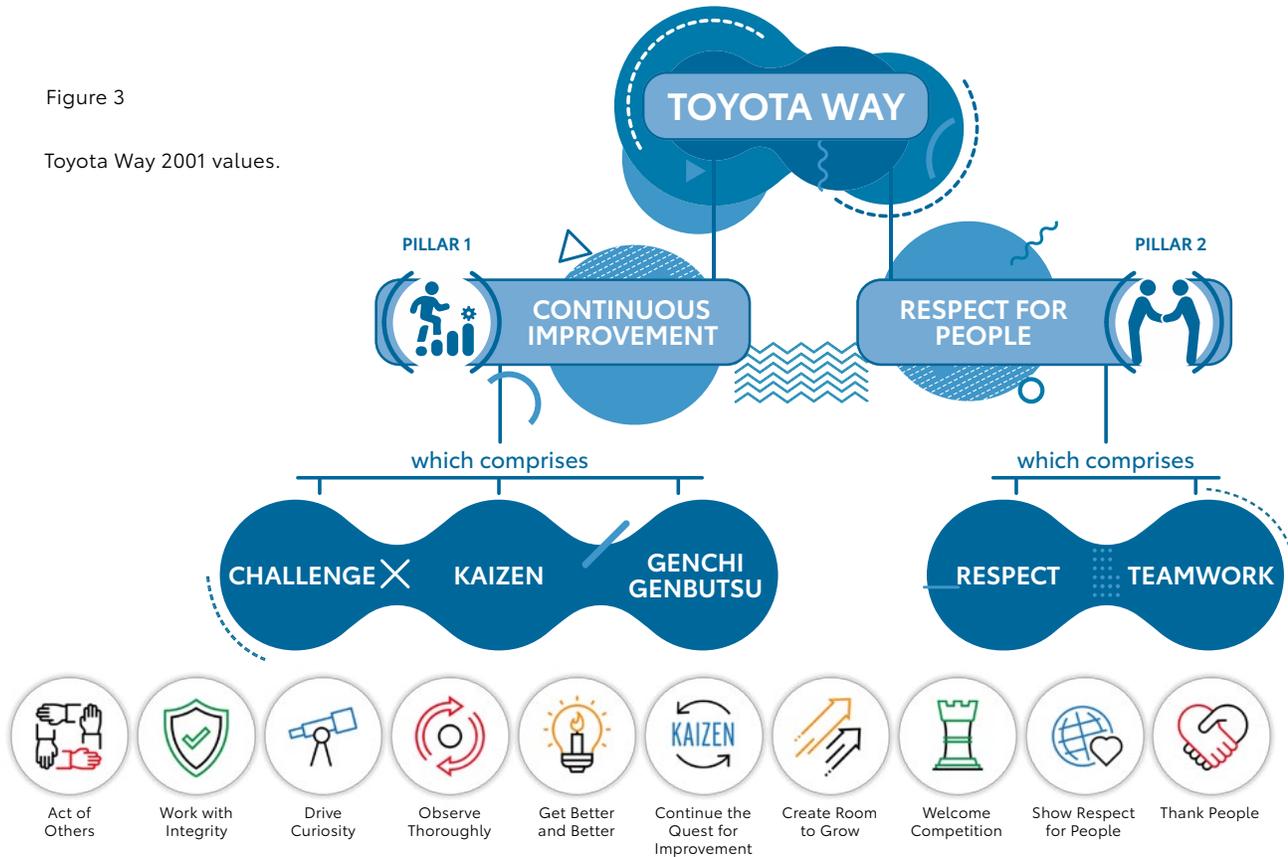
Figure 2

Visual representation of Toyota’s Vision and Driving Principles expressed in the 2011 Toyota Global Vision

In line with this evolution, Toyota too has begun a process of profound transformation on a global level to maintain maximum focus on the evolving needs of the customer and ensure continuity of its competitiveness and leadership. All this also implies a necessary evolution of the corporate culture to adapt to the change that takes place in the outside world: this evolution is aimed at favoring the development of a more agile company (to grasp the changing market needs), even more open to innovation (to evolve rapidly) and based on fully digitized processes -. A leaner company, with fewer formal barriers, and an entrepreneurial culture in every single resource. For this reason, the values that have guided "our way of doing business" up to now, the so-called "Toyota Way" (founded on the values of Challenge, Kaizen, Genchi Genbutsu, Respect and Teamwork), have been revised in a more modern key and pragmatic in the new Toyota Way 2020, structured in the 10 values common to all companies in the Group.

Figure 3

Toyota Way 2001 values.



Each of the 10 values represents a guide that points us in the right direction towards the company we want to be: **agile and dynamic, collaborative, curious and respectful towards the end customer**. To ensure that these values are applied in everyday life, in TMI, they were later translated into 5 Leadership Behaviors, applicable with a different degree of intensity for all levels of the Organization. These behaviors are called the "5C": **COURAGE, CURIOSITY, COLLABORATION, CREATIVITY & COACHING**.

Through 5C we move from a knowledge culture to a learning culture, from a culture of perfecting to a mentality of experimentation. With these new values we break the hierarchical barriers by creating an environment in which it is important to try, make mistakes and correct the shot when necessary. We present ourselves externally and internally as an agile, dynamic and constantly changing society. The 5Cs thus represent Toyota's values needed to manage the transition to Mobility Company, with the aim of achieving the ambition to generate happiness for all. The roots of the 2001 Toyota Way do not change but evolve in:

- **CREATIVITY:**

(Continue the quest for improvement) Foster innovative thinking and evolve gradually through Kaizen. Any form of improvement, be it gradual or revolutionary, is valuable if it questions the status quo; **(Get better and better)** Engage in the development of one's own skills and those of others with heart, mind and body, in order to meet the constantly evolving expectations of our customers;

- **COACHING:**

(Thank people) We owe our existence to our customers, members,



partners, stakeholders and communities. Let us not forget to thank them as soon as we have the opportunity;

(Create room to grow) By focusing on the essentials, we eliminate waste; by carefully managing resources, we create the space to grow: this is the basis for thinking with agility and encouraging the generation of new ideas;

• **COURAGE:**

(Work with integrity) Constantly consider the impact that our work will have on the people around us, always maintaining high values of integrity and honesty;

(Welcome competition) We accept the competition, without egoism. It drives us to improve ourselves and provide better service to our customers/companies, creating more value.

• **CURIOSITY:**

(Observe thoroughly) Leverage human sensitivity in observation, through a careful analysis of the context, to gather accurate information and quickly discover better and creative solutions (exercising the *Genchi Genbutsu*);

(Drive curiosity) Show interest for every single activity and understand of the mechanisms that generate it. This mindset will help in generating new ideas;

• **COOPERATION:**

(Act for others) Keep the prospects of customers and stakeholders at the heart of our daily commitment, always trying to interpret their point of view;

(Show respect for people) No work is individual. No work is the effort of one person. We try to make the most of different perspectives, transforming differences into strengths and working as a team to achieve significant goals. Through respect, we create an environment where everyone feels welcomed, safe and listened to.

In Toyota Financial Services and KINTO, the same Toyota Values has been translated in **6 competences** that fit very well with services:

Figure 4

New values of 5C driving the Toyota Way

DO THE RIGHT THING: To act openly and transparently, always showing integrity; To build loyalty and trust through every customer interaction; To seek different perspectives, finding ways to make things better for people; To handle personal data and information in a professional manner. This competence is linked with TW 2020 values: Work with integrity and Act for others.

VALUE EVERYONE: To listen to others, welcoming diversity of thought; To connect and collaborate across teams, sharing experiences and best practices; To communicate effectively, adapting style to influence positive outcomes; To ask for and apply feedback in an open, appreciative and constructive way. This competence is linked with TW 2020 values: Show respect for people and Thank people.

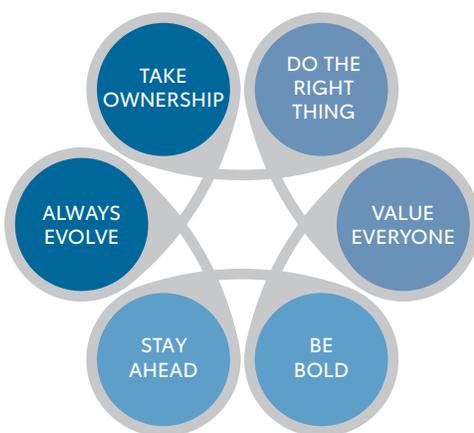
BE BOLD: To take time to gather and analyse information from multiple sources; To keep asking why to identify the root cause of a problem; To try new approaches, considering short and long term solutions; To make informed recommendations, focusing on the best solutions for customers and stakeholders. This competence is linked with TW 2020 values: Observe thoroughly and Drive Curiosity.

STAY AHEAD: To Keep up-to-date with relevant trends, considering how they will impact on your work; To focus on creating value and improving customer experiences; To use all available tools and resources to anticipate customer needs; To challenge self and show perseverance to achieve personal and team goals. This competence is linked with TW 2020 value: Welcome Competition.

ALWAYS EVOLVE: To seek out new ideas & to use them to continuously improve processes; To move speedily to test and learn, sharing both successes and failures; To act sustainably and efficiently, prioritising time, resources, and actions; To focus on what's essential, standardizing processes. This competence is linked with TW 2020 values: Create room to grow and Continue the quest for improvement.

TAKE OWNERSHIP: To show commitment to quality; To build credibility by always demonstrating professionalism; to take ownership and responsibility for achieving objectives; To actively seek out development opportunities. This competence is linked with TW 2020 value: Get better and better.

Values, competences and in general the Toyota Way culture permeate every aspect of working life: practical evidence of how deeply this has taken root is represented by the results obtained with constant application in the Kaizen projects, elaborated and implemented over the years by TFSI and then KINTO. From 2004 up to date, **550 projects** have been completed with a total saving of over 3 million euros, a tangible value to which a series of equally relevant intangible factors must be added: extreme levels of efficiency to maximize customer satisfaction, the improvement of processes and of the way of working of team members and therefore the satisfaction of partners.



3.3

THE STRUCTURE OF THE GROUP

The Toyota Group in Italy consists of five companies that cooperate and collaborate with each other to offer their customers a complete, differentiated and of high-quality range of products and services.

Toyota Motor Italia

Toyota Motor Italia is a company of the Toyota Group, controlled by Toyota Motor Europe (TME), which oversees the marketing and distribution of Toyota's and Lexus' vehicles, parts and accessories in the Italian market. TMI carries out its commercial activity in the Italian market in collaboration with other Toyota Group companies such as Toyota Financial Services Italia S.p.A., Toyota Insurance Services SE Italian Branch, Aioi Nissay Dowa Insurance SE Italian Branch and KINTO Italia S.p.A.

Toyota Financial Services Italia

Toyota Financial Services promotes sustainable mobility through the design and implementation of innovative financial services and highly customizable purchasing solutions to meet every need for mobility. TFSI's commitment is to create value with a complete offer of financial solutions on all relevant channels, maintaining direct contact with its customers. All this with constant attention to the continuous improvement and enhancement of people.

KINTO Italia

KINTO is the third global brand of the Toyota Group that revolutionizes the world of mobility with inclusive, digital and sustainable services. From all-inclusive long-term rentals for individuals and businesses, to tailor-made carsharing for the city and weekend getaways. From corporate carpooling to sharing commutes between colleagues, to the app to buy public transport tickets, book taxis and pay for parking. This aims at making mobility increasingly sustainable, by contributing to the reduction of emissions and to the construction of a better society.

Toyota Insurance Services

Toyota Insurance Services is the official insurance company of the Toyota Group, which was founded with the aim of offering flexible and innovative insurance solutions, dedicated exclusively to Toyota and Lexus customers. The insurance services offered are designed to promote a sustainable and virtuous guide. From the range of kilometer-long car policies dedicated to Toyota and Lexus Full Hybrid cars that reward electric driving, to "connected" policies that offer the possibility of saving money thanks to a more responsible driving.

Aioi Nissay Dowa Europe

Aioi Nissay Dowa Europe (in short, AND-E) operates in two distinct market areas. On the one hand, it works as a white label insurer, acting on behalf of strategic partners, helping them provide insurance

solutions to their customers. On the other hand, AND-E also acts as a direct insurer for Japanese companies, providing them with assistance for the business and employee needs.

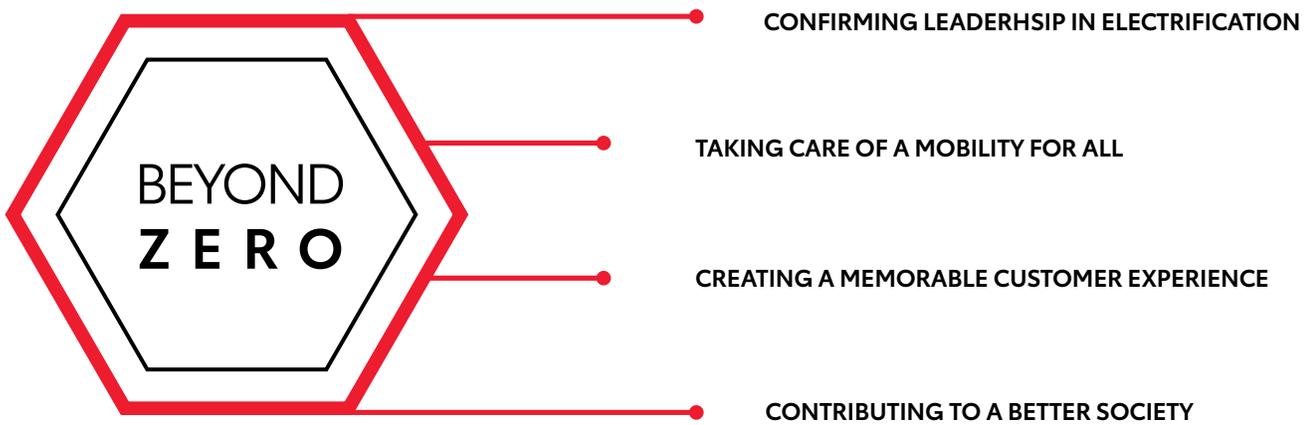
3.4

TOYOTA'S SUSTAINABILITY STRATEGY

TM's corporate social responsibility policy, first announced in 2015 and called "Contribution to Sustainable Development", is an interpretation of the Guiding Principles in the light of Toyota's relationships and interactions with its stakeholders. In the preamble of the statement, the company is committed to contributing to the harmonious and sustainable development of society and the Earth, based on the Toyota Guiding Principles. At the same time, Toyota announces its long-term environmental sustainability strategy, launching the aforementioned Toyota Environmental Challenge 2050, a holistic action plan to ensure a concrete commitment to environmental protection and sustainable mobility. The above environmental challenge consists of six distinct challenges covering every aspect of Toyota's business, aiming to minimize business impacts on the environment, monitoring and acting throughout the value chain. Toyota's main objective and first challenge is to be able to contribute, through technological development, its products and services, to the creation of a society centered around the person and inclusive, where everyone can be free to move. Toyota does this by developing both innovative and electrified

mobility solutions, as well as new services, able to connect people, society, communities and offer them new ways to move easily and sustainably. Toyota’s long-term goal is to foster the well-being of people and the whole community by providing environmentally sustainable responses to the specific mobility needs of each. To achieve this goal, Toyota has outlined its strategy to achieve carbon neutrality and thus help build a planet where all people can continue to live happily and in harmony. This path is further strengthened by the recently announced strategy on battery electric vehicles, which today represent one of the most promising options to achieve carbon neutrality. Toyota Motor Corporation plans to launch 30 battery models and achieve global sales of 3.5 million battery electric vehicles per year by 2030, out of 9.5 million per year for electrified vehicles. However, in Western Europe, it is expected a sales mix of ZEV (Zero Emission Vehicle) of at least 50% by 2030, with the ability and the possibility to increase this percentage if demand will increase further. Toyota will also be ready to achieve 100% CO2 reduction in all new vehicles by 2035 in Western Europe, assuming that by then sufficient infrastructure will be available for electric charging and hydrogen fueling, in addition to the increase in renewable energy capacity that will be required.

Figure 5
Beyond Zero Vision.



The zero emissions target is not just about vehicles: even in manufacturing plants, Toyota aims to achieve carbon neutrality by 2035, by making continuous improvements in the reduction of energy consumption and expanding the use of innovative manufacturing engineering technologies.

In the current context of profound transformation, Toyota has also strengthened its vision to contribute to achieving a mobility where the commitment to zero the negative impact is only an intermediate step. Toyota aims to go "Beyond Zero", through vehicles that will only emit water and that will help improve air quality. This strategy is articulated in 4 pillars and is based on the action lines already undertaken by Toyota in the path that will lead it to the definitive transformation from Automotive Company to Mobility Company.

The pillars of Beyond Zero Vision are:

- **The confirmation of the leadership in electrification:** thanks to more than 20 million electrified cars introduced over the last 25 years in the streets around the world. Leadership is based on a multi-technological approach to electrification, which sees in the diversification of technological solutions the most efficient path towards carbon neutrality and, for this reason, consider all electrified solutions with very low or zero environmental impact currently available (HEV - Hybrid Electric Vehicle, PHEV - Plug-in Hybrid Electric Vehicle, BEV - Battery Electric Vehicle, FCEV - Fuel Cell Electric Vehicle). Each of the electrified technologies will contribute to the transition to a more sustainable future, responding to the different mobility needs according to their characteristics.
- **A memorable Customer Experience:** with the ambition to exceed customer expectations with durable, safe, reliable products, making valuable every opportunity to meet them, ensuring maximum safety and an extraordinary experience of possession or use, providing all customers concrete and tangible benefits.



- **Take care of everyone's mobility (Mobility for All):** creating an ecosystem in which everyone, regardless of age and skill level, will have the right tool to move freely and responsibly, in the right place, at the right time. KINTO is the platform of Toyota mobility services destined to grow in the spirit of Start Your Impossible: if everyone has the opportunity to move, nothing is impossible. An integral part of this strategy is the proximity to the world of sport, disability, education and the territory where to act with activities of inclusion, involvement and enhancement of diversity.
- **Contribute to the construction of a better society** that can grow and thrive in harmony with the surrounding environment, sustainable and inclusive, to leave no one behind. Toyota is realizing in Japan, at the foot of Mount Fuji, Woven City, which will be a living laboratory where to experience the real value of an ecosystem based on new technologies for the creation of a better society.

⁶ For further information: <https://www.woven-city.global>.

3.5

THE LEXUS BRAND

Lexus, the premium brand of the Toyota Group, was founded in 1989, from the need to create a brand that represented **the technological excellence of Toyota**, but with a new car and image, able to meet a customer carrier of new values. Lexus has made its customers protagonists from the beginning by giving up ostentation and providing products and experiences capable of expressing a lifestyle far from the ephemeral, conducted with naturalness and awareness. The excellent quality, the choice of refined but environmentally friendly materials and the search for solutions that combine style and function generate extraordinary products for efficiency and reliability, as evidenced by dozens of awards from independent bodies such as J.D. Power. Lexus creates authentic value, with products built to last and using natural resources with respect throughout their life cycle. Premium Hybrid Electric technology reduces fuel consumption and emissions, but also means lower operating costs, greater simplicity and reliability over time. Technology is thus put at the service of sustainability and performance to be lived following the spirit of the time, but without chasing it. Lexus has always focused on distinctive design and driving style and, as a pioneer of hybrid, has increasingly perfected its electrified technology over the years. Electrification is in fact the key to creating a new intangible value for the brand: the pleasure of driving, continuing a story in which Lexus has never stopped imagining the future.

In terms of electrification, the Lexus brand has already introduced more than 30 models of vehicles with conventional, electric hybrid and plug-in electric hybrids in over 90 countries. The offer of zero emission vehicles will be expanded with a full line of battery electric vehicles: in particular, the goal of Lexus is to offer by 2030 **a full range of battery electric vehicles**, selling in Europe, North America and China exclusively this type of car and reach 1 million units sold globally. And it aims to make battery electric vehicles account for 100% of its global vehicle sales by 2035.

Electric battery will become the future symbol of Lexus as the ultimate expression of the evolution of the car driven by electrification.

The latest of these models is the **Lexus RZ**. The fundamentals and hallmarks of the **Lexus Driving Signature** will not fade even if it's an electric car. The never-ending quest for the Lexus Driving Signature will move to the next level with the development of a new electric sports car. With bold proportions and reduced ground clearance, essential for a sports car, it will showcase the unique driving performance of a Lexus and become a model that symbolizes the brand's future. The acceleration will be just over 2 seconds, the range of over 700 km and, keeping in mind the possible use of solid state batteries, we will aim to create a truly high-performance battery electric vehicle.



Through electric vehicles, Lexus will evolve into a brand that can offer different experiences by leveraging performance development and honing the ability to make custom products. Lexus will develop a next-generation electric battery sports car that will inherit the performance and driving pleasure achieved through the development of the LFA, and that will be reported in the development of other Lexus electric models.

Figure 6

The new Lexus RZ BEV.

3.6

THE GOVERNANCE OF TOYOTA COMPANIES IN ITALY

All Toyota Group companies in Italy have adopted a traditional governance model.

Toyota Motor Italia S.p.A. (TMI), Toyota Financial Services Italia S.p.A. (TFSI) and KINTO Italia S.p.A. (KINTO), are companies with a Board of Directors, composed of three members - a Chairman of the Board of Directors, a Chief Executive Officer and a director without proxies, all chosen from among managers of the Toyota Group - and a Board of Statutory Auditors - three standing auditors and two alternate auditors with a three-year mandate -, whose members in office - all appointed by the shareholders' meeting - are in possession of the requisites provided for by the relevant legislation (Ministerial Decree of the Ministry of Economy and Finance no. 169 of 23 November 2020). The members of the Boards of Directors are elected every three years by the respective Shareholders' Meetings.

These bodies have extensive powers of ordinary and extraordinary management, except for the acts reserved by law to the Shareholders' Meeting, - and the legal representation of the respective companies is the responsibility of the separate Chairmen and Chief Executive Officers. While the function of strategic supervision is hinged exclusively on the Board of Directors, the management function is focused on the figure of the Chief Executive Officer⁷, to whom extensive organizational and managerial powers have been delegated. In carrying out his duties, the Chief Executive Officer avails himself of specific works councils, equipped with analytical and consulting roles in the various areas of reference.

The Board of Statutory Auditors supervises compliance with the law and the Articles of Association, compliance with the principles of proper administration and, in particular, the adequacy of the organizational, administrative and accounting structure adopted by the Company and its concrete functioning.

All companies constantly monitor the evolution of the relevant legislation and will adapt, if necessary, to any new regulatory provisions regarding the composition of the Board of Directors and the Board of Statutory Auditors.

Examining the specificities of individual companies, **Toyota Motor Italia**, with reference to the internal governance structure, - in line with the indications provided by TME (Toyota Motor Europe):

- provides for a structure of committees responsible for approving and monitoring projects and company activity in the various relevant sectors. The system provides for a decision-making process composed of progressive authorization levels before the final authorization by the Top Management. The main approval body is the Steering Committee, composed of all Top Management. All approval flows are initiated and tracked through Take Every Decision (TED), an application that allows you to manage the governance of all business decisions, including those taken by the Steering Committee.

In relation to the different business managed and the applicable regulations, **Toyota Financial Services Italia**:

- being a regulated and supervised financial intermediary, it

⁷ In TFSI, the CEO also has the title of General Manager.

complies with the governance provisions contained in the relevant supervisory legislation (Bank of Italy Circular no. 288). The requirements of the relevant legislation in relation to the members of the Board of Directors and the Board of Statutory Auditors are also confirmed by the competent Supervisory Authority (Bank of Italy);

- in accordance with the provisions of the applicable supervisory legislation, updates on an annual basis a report on its organizational structure, to be sent to the Bank of Italy, within which, among other things, detailed and updated descriptions are provided, of the top management bodies, works councils, the various corporate structures and functions, their compositions as well as their respective tasks and responsibilities;
- the Chief Executive Officer also avails himself of a special managerial figure who plays a facilitating role in the management of the extensive internal information flows (Chief of controls and governance coordination);

With reference to **KINTO Italia**:

- the governance structure, since its establishment, reflects the traditional system of administration and control, with the separation between the administration and management function of the Board of Directors and that of control and supervision, which is the responsibility of the Board of Statutory Auditors. The Board of Directors, among other tasks and powers, is responsible for approving and revising the strategic guidelines and guidelines on risk management, guidelines for their application and supervision;
- With reference to the Italian branches of **Ayoi Nissay Dowa Insurance Company of Europe SE – AND-E** and **Toyota Insurance Management SE – TIS**:
- the aforementioned are Secondary Offices of foreign companies, with registered office respectively in Luxembourg and Germany, admitted to carry out their insurance and insurance distribution activities in Italy by virtue of the principle of mutual recognition;
 - they are therefore both represented in Italy by a Supervisor, who has the active and passive representation, assisted by employees part of whom also has powers of signature according to a precise system of proxies (so-called "POD") in line with the Organizational Chart and the Functiongram, subject to periodic review and modification. TIS and AND-E, as secondary offices, do not have a Board of Statutory Auditors in Italy and the control system is entrusted to internal functions in close coordination with the responsible functions of the Parent Company (Risk, Compliance and Audit) and external (Statutory Auditor and Auditors of the Group). In both branches there is a single CEO and a single DPO, Data Protection Officer.
 - In order to allow the correct flow of information and the decision-making process, the companies have set up a periodic appointment with management purposes called "Management meeting" composed of the Chief Executive Officer, the Supervisors and the managers of the various functions of both branches.

KINTO Benefit corporation

During the year, the evaluation process aimed at obtaining the qualification of Benefit corporation by KINTO Italy continued, which the recently obtained ISO 14001 environmental certification confirmed to be a valuable path, in order to consolidate its way of doing business more inclusive and transparent, as well as more virtuous, and creating, at the same time, a positive externality for the community and our country.

The system of internal controls of Toyota group companies in Italy

Toyota attaches central importance to the realization, within the individual companies of the Group, of solid forms of internal control, even if not required by the legislation of the jurisdiction of reference of each company.

With this in mind, the Toyota Group companies in Italy have defined an internal control system, inspired by international best practices and taking into account the Group's indications, also due to the fact that the Parent Company is a company listed on the NY Stock Exchange. The Italian companies of the Group, although not all obliged, have therefore established at least the following two corporate control functions: **Internal Audit and Risk Management**. With regard to TFSI – as a financial intermediary under Italian law – the internal control system is articulated and fully aligned with international standards, in compliance with the requirements of the relevant supervisory legislation.

Therefore, TFSI has established the following corporate control functions internally: Internal Audit (third-level control function), Compliance Function and Risk Management Function (second-level control functions).

Furthermore, in order to strengthen the internal control system, the Italian companies of the Group (with the exception, at the moment, of KINTO), have decided to implement the organizational model in accordance with the provisions of Legislative Decree 231/2001, also adopting a Supervisory Body (SB), with control tasks on the adequacy and effectiveness of the procedural architecture to prevent the commission of crimes in the interest or to the advantage of the companies and their respective Directors.

This approach generates added value, as it is aimed at evaluating and improving control and risk management processes, strengthening the corporate governance of companies and spreading the awareness of staff members in relation to the importance of operating in a structured and regulated business environment.

The Internal Audit function

In general terms, the Internal Audit function plays an important role of internal control over all company processes, with the task of assessing the adequacy of companies' internal controls and compliance with the underlying corporate policies and procedures, for the correct management of activities and the various corporate risks, and providing advice on specific issues, dialoguing to this end with top management and control bodies (including the SB, where established).

The Internal Audit department draws up its annual activity plan, which is approved by the Board of Directors and submitted to the Board of Statutory Auditors.

In particular, TFSI's Internal Audit function, on the basis of its annual business plan, conducts periodic checks in order to assess: (i) the completeness, adequacy, functionality (in terms of effectiveness and efficiency) and reliability of the internal control system and, in general, of the organizational structure; (ii) the adequacy, overall reliability and security of the information system (ICT audit); (iii) the adequacy of the business continuity plan or disaster recovery plan; (iv) the regularity of the various business activities, including outsourced ones, and the evolution of risks; (v) the correctness of the operation of the distribution network with particular reference to the full application of the Regulations on the Transparency of Banking and Financial Transactions and Services (Bank of Italy Provision of 29 July 2009 and subsequent amendments); (vi) monitoring compliance with the rules of activity at all levels of the company; (vii) compliance with the limits set by the delegation mechanisms as well as the full and correct use of the information available in the different activities; (viii) the removal of anomalies found in the operation and functioning of controls ("follow-up" activities).

The Risk Management Area

The Risk Management area is responsible for identifying, measuring, assessing and monitoring corporate risks and is responsible for adapting organisational and IT processes to the Group's guidelines and policies on corporate risk management and, where applicable, to the rules issued by the competent supervisory authorities.

The companies' risk management system, in compliance with Group guidelines, provides for controls on decision-making processes and periodic reporting on corporate risk management. As an integral part of corporate risk management, for all the Italian companies of the Group, the Sarbanes Oxley 404 (SOX) compliance control activities are engaged. These audits enabled TMI to obtain a certification of compliance according to SOX standards for fiscal year 2021.

Going into the details of the individual organizations, in **Toyota Motor Italia**:

- the area is overseen by a Dealer Risk function that is responsible for overseeing risks at the dealer network and by an internal Committee defined as the Internal Control and Risk Management Committee (ICRM), which represents the point of contact of the internal control system with the Company Management, as a moment of timely information on risk management and

compliance aspects;

- TMI's risk management process makes use of:
 - An Internal Control & Risk Management Committee (ICRM), in which the most relevant aspects and risks for management are brought to the attention of the Company Management.
 - Department managers who aim to implement and develop the risk management program, as well as to oversee and monitor the identification and analysis of risks based on the TGRS methodology and the Risk Map.

- In reference, instead, to the organization of **Toyota Financial Services Italia:**

- The Risk Management function is responsible for monitoring and correct, efficient and effective risk management, continuously assessing the emergence of new risks to which TFSI is exposed, with particular reference to the evolution of the operating context. In carrying out this activity, the Risk Management function first considers the risks indicated by sector regulations (credit risk, operational risk, strategic risk, market risk, interest rate risk, IT risk).
- Risk Management also deals with the management of ESG risks, including climate and environmental risks, in compliance with the requirements of the supervisory authority (as required by the recent Bank of Italy communication).

As part of its activity, Risk Management:

- carries out a preventive risk assessment of products and business practices and, at the request of TFSI's corporate bodies or other corporate functions, provides ex ante support and advice to operational activities on matters within its competence;
- conducts ordinary ex post verification activities, in order to manage the risk control system in the performance of TFSI's business activities and in the context of any business activity;
- carries out, at the request of the competent corporate functions and/or bodies, the ex ante assessment of the risks underlying initiatives, projects, activities, providing, within the scope of the matters within its competence, summary opinions or regulatory insights.

Regarding **KINTO Italia:**

- Risk Management activities are outsourced, in execution of an agreement, to TFSI, which carries out this activity through its Risk Management function.

With reference to **Ayoi Nissay Dowa Insurance Company of Europe SE – AND-E and Toyota Insurance Management SE – TIS:**

- being secondary offices of foreign companies, the control system is instead entrusted to internal functions in close coordination with the responsible functions of the Parent Company (Risk, Compliance and Audit) and external (External Auditor and Auditors of the Group).

The Compliance Function of Toyota Financial Services Italy

The Compliance function deals with the supervision and correct, efficient and effective management of the risk of non-compliance with the rules, which is defined by the reference legislation as the risk of incurring judicial or administrative sanctions, significant financial losses or reputational damage as a result of violations of laws, regulations, supervisory provisions, of corporate regulations and self-regulatory discipline/codes of conduct.

In particular, the Compliance function is responsible for verifying the compliance of TFSI's operations with all regulations (of the direct perimeter and those of the indirect perimeter) that affect processes, involve the relationship with customers, assign civil, administrative or criminal responsibilities to the managers of corporate functions, to company representatives or that concern, more generally, business activities.

It is also part of the tasks of the Compliance function to provide ex ante advice and continuously assess the adequacy of internal procedures with respect to the objective of preventing the violation of mandatory rules (laws and regulations) and self-regulation (TFSI's Articles of Association, Code of Ethics, etc.) applicable to TFSI. In addition, in compliance with current regulations, TFSI has set up an AML Function (control function, included in the Legal & Compliance & AML Department), with specific control tasks regarding compliance with the obligations dictated by anti-money laundering legislation. The degree of exposure of TFSI to the risk of money laundering and terrorist financing as well as the robustness and effectiveness of the control system in this area are subject, on an annual basis, to a self-assessment process ("AML self-assessment"), the outcome of which is communicated to the Bank of Italy.

The organization, tasks and responsibilities of each of the aforementioned control functions of TFSI (including verification tasks) and the related activities of activity planning, reporting (to top management bodies and competent supervisory authorities) are regulated in specific regulations, policies and corporate procedures, which take into account the regulatory requirements in force for financial intermediaries. All control functions are equipped with the necessary resources to carry out the activities.

A detailed description of these corporate control functions can be found in the TFSI organisational structure report, which is submitted to the supervisory authority on an annual basis.

Performance planning and measurement tools

The Italian companies of the Toyota Group also use various planning, programming, control and performance measurement tools, including:

- The Company Hoshin Kanri and the Hoshin Kanri department, formal documents indicating the vision and mission of the company and the department, deriving from the European one.
- The application of Toyota Motor Europe Group's Toyota Global Risk Management Standards (TGRS) as an internal risk control and governance system, applied in a systematic, structured, timely and documented manner, and periodically verified to ensure that the process as a whole meets corporate objectives, while the Policies & Procedures and Guidelines issued globally by the TFSC Credit Risk Management Committee for TFSI and Kinto.
- A system of M.B.O. (Management By Objectives), i.e. performance objectives that the Company Management defines for each organizational position in line with TME development strategies and management system policies and to which result remuneration is linked.

Business ethics, compliance and anti-corruption

Toyota Group considers conducting business in accordance with self-defined principles of conduct to be a mandatory condition of its business strategy.

The rules of conduct have been formalized in Toyota's Guiding Principles, which form the basis of the Codes of Ethics of TMI, TIS, AND-E, KINTO and TFSI, published on the respective company intranets and extracted on each company's website.

Adherence to these principles is also required by all parties that conclude agreements with Toyota Group companies in Italy (e.g. suppliers) through the inclusion of a specific clause in the contractual text.

TMI and TFSI have also adopted the Organization and Management Model pursuant to Legislative Decree 231/2001, in order to create a structured and organic system of procedures and control activities, aimed at preventing the commission of crimes relevant to the Decree and to raise awareness among all those who work on behalf of the Group on the related cases of offense⁸.

⁸ The only exception is represented by KINTO Italia, for which it should be noted that the Company has not yet adopted an organization, management and control model pursuant to d. lgs. No 231/2001, due to the still limited scope of its activity. However, the possible adoption of the aforementioned model also for KINTO Italia has already been considered by the company bodies, in view of the future developments of its activities and volumes.

With particular reference to anti-corruption, all companies recall the correct principles to be respected in their adopted Codes.

To implement these rules and policies, including compliance with the Organisation and Management Model pursuant to Legislative Decree 231/2001, a whistleblowing policy has been adopted for all companies, with a dedicated e-mail address and a special whistleblowing system capable of guaranteeing the confidentiality of reports where required. In response to the report, specific internal investigations are subsequently launched. Furthermore, reports are periodically drawn up on the status of reports received in the whistleblowing field.

For fiscal year 22 (for TMI, TFSI and KINTO) and for 2021 (for TIS and AND-E) no reports of wrongdoing or corruption were recorded within Group companies.

Examining the specificities of individual companies, **Toyota Motor Italia** also has:

- adopted and published an Anti-Corruption Policy, referred to in the Code of Business Conduct, which provides for the rules necessary for the correct prevention of corruption hypotheses. The principles of this policy are also applied to TMI's business partners through specific references and guarantees within the relevant contracts;
- The company has also adopted an articulated corporate compliance program, both with reference to the processing of personal data and with reference to the issue of fair competition. Dedicated funds have been set up for the implementation and monitoring of these programmes;
- In addition, privacy and competition law risks have been included in the company's risk register and monitored by the ICRM. The management has identified TMI's Internal Compliance Officer in the Legal & Compliance department, for the alignment of the business with mandatory regulations, laws and standards.

Regarding **Toyota Financial Services Italia**:

- the adopted Code of Conduct also takes into account the risk of committing crimes, such as corruption of public administration entities, corruption between private individuals and fraud. In addition, TFSI has adopted a specific anti-fraud procedure, which details the control measures for the prevention of fraud committed by third parties (e.g. customers or suppliers). Finally, in compliance with the provisions of the relevant supervisory legislation.
- in addition to what is reported with regard to anti-corruption, by virtue of its nature as a financial intermediary, it is required to comply with specific rules, provided for by Italian law and issued by the Bank of Italy and the Financial Intelligence Unit, relating to anti-money laundering.

As far as **KINTO Italia** is concerned, although it has not yet adopted Model 231, it observes the TFSI Code of Ethics, proof of the importance that every Toyota Group company in Italy attributes to illicit phenomena.

Ayoi Nissay Dowa Insurance Company of Europe SE – AND-E and Toyota Insurance Management SE – TIS, as representatives of foreign companies:

- implement at local level the policies of the respective parent companies, including the presence of an Anti-Corruption Policy, as well as, by way of example, Anti-Fraud Policies, Conflict of Interest, Internal Audit, and Outsourcing & Procurement.

Toyota Group companies' certifications in Italy reinforce commitment to sustainable mobility

KINTO, Toyota's third global brand dedicated to mobility services, received in March 2022 for the first time the ISO 14001 environmental certification for the design and delivery of sustainable mobility services through long, medium and short-term rental, carpooling and car sharing services and multimodal mobility solutions.

At the same time, Toyota Financial Services Italia (TFSI) also received the ISO 9001 Quality Certification in March 2022, thanks to its financial and leasing solutions aimed at promoting mobility with low environmental impact, and the ISO 18295 certification for the management of its contact centers.

The certifications just obtained by KINTO Italia and TFSI are in addition to those confirmed for many years against Toyota Motor Italia - which is equipped with an integrated management system certified ISO 9001, ISO 45001 and ISO 14001 with this latest certification also extended to the network of Toyota and Lexus dealers - and represent an additional guarantee for customers that during the management phases of a business in deep transformation such as the automotive one are implemented all activities necessary to provide high quality products and services with a lower environmental impact.

While, on one hand, the commitment to an increasingly environmentally friendly Toyota and Lexus vehicle offering continues to grow, able to ensure with various technological solutions a transition to a zero-impact mobility, on the other hand, the Toyota Group has long understood that this path cannot ignore **innovative products that go beyond the production and sale of cars**. These include **KINTO's mobility solutions, designed in an inclusive and sustainable way**, or the **financial solutions offered by TFSI**, tools that also make affordable vehicles with very low or even zero emissions and high energy efficiency.

3.7 PRIVACY AND INFORMATION SECURITY

Personal data protection compliance is a priority for Toyota companies in Italy. In this sense, the companies have taken all the necessary measures to transpose the current European legislation, the EU Regulation 2016/679, known as GDPR (General Data Protection Regulation).

Toyota companies in Italy process different types of data by categories of heterogeneous stakeholders, including customers, employees, and suppliers, using manual tools (collected through paper forms) and IT.

Examining the specificities of individual companies, **Toyota Motor Italia** also:

- has defined and structured processes, procedures and controls to ensure the level of continuity required for information security, an equally important aspect in ensuring the correct management and storage of data;
- has identified the Data Protection Officer ("DPO") in an external professional, who collaborates with the DPO Committee and with the Legal & Compliance department, who is responsible for monitoring the compliance of the personal data management process and reporting it, together with the designated internal data processors, to the bodies in charge (ICRM, Supervisory Body and Board of Statutory Auditors);
- has provided for the involvement in the management of the entire data processing process and their security, of all interested parties within the organization, concerning in particular the ICT and Legal & Compliance departments that coordinate with each other in the management of these issues;
- due to the attention it pays in relation to the correct management of employees, suppliers and customer data, it has included the privacy area among the main business risks subject to periodic monitoring in the aforementioned ICRM, as well as among the areas subject to periodic audits both by the internal company structure and by third parties;
- adopted a safety model from the parent company Toyota Motor Corporation, on which Toyota Motor Europe started auditing activities from July 2020;

Regarding **Toyota Financial Services Italia**:

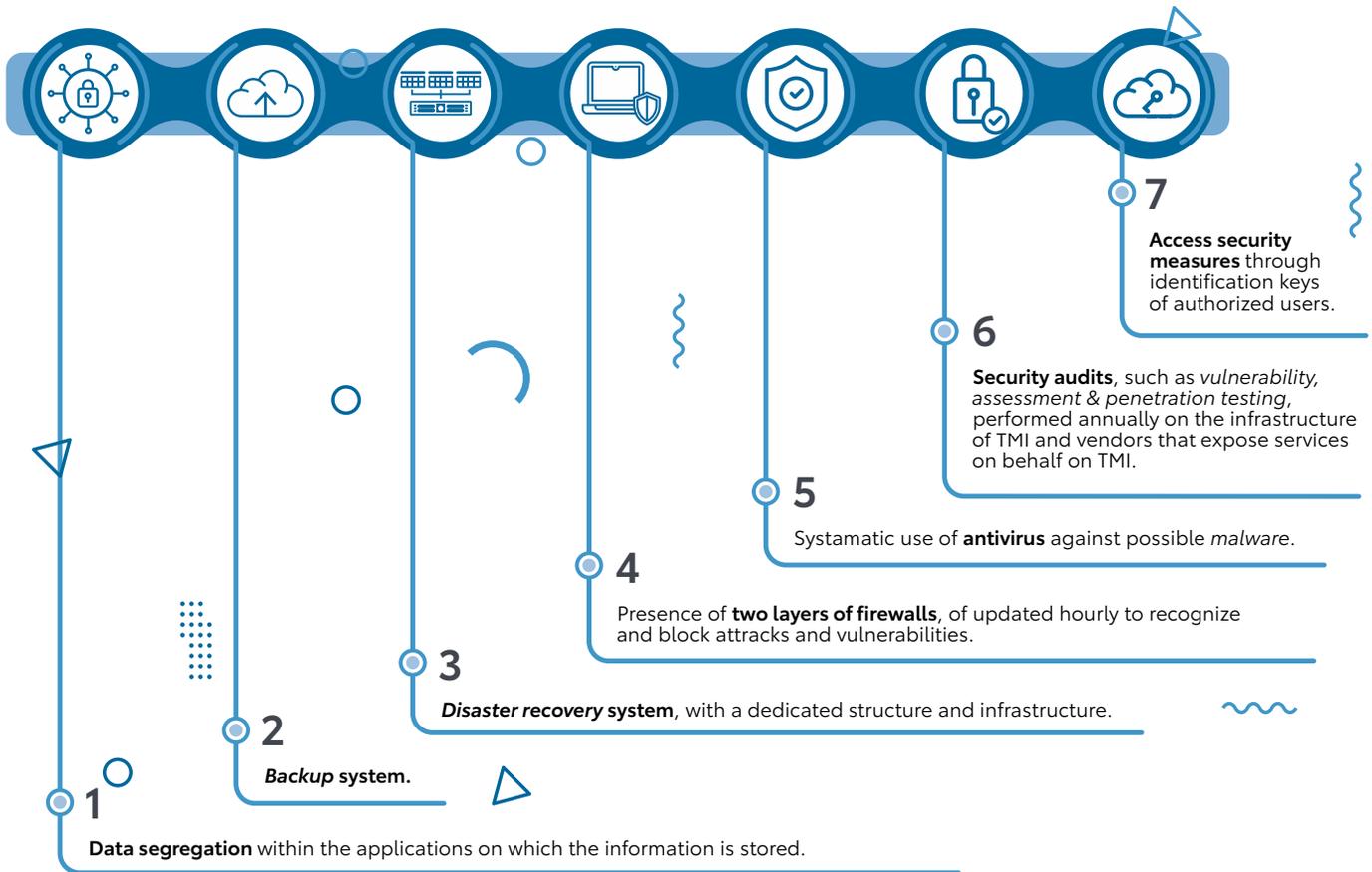
- as data controller, it adopts a "customer centric" approach, paying particular attention to the collection and study of data relating to its customers, also in order to focus on individual needs and offer increasingly personalized services;

- has identified the Data Protection Officer ("DPO") in an external professional, who collaborates with the 3 Privacy Officers (the Legal Manager, the IT Manager and the Sales, Marketing and VLV Manager), the Privacy Managers, identified with the managers of the individual departments and the Data Processors, or staff members who come into direct contact with customer data and information;
- The security of company data is achieved through a series of protocols and rules of conduct in the use of IT systems. To this end, the IT function is responsible for monitoring the correct use of access to corporate and third-party information systems and preventing access by unauthorized users, while the EDP (Electronic Data Processing) manager plays a planning and development role in security activities and the IT system. In compliance with applicable legislation, the company has implemented business continuity and disaster recovery systems in order to monitor the risk of data loss caused by external and unforeseeable events, including hacker attacks;
- In compliance with applicable legislation, the company has implemented business continuity and disaster recovery systems in order to monitor the risk of data loss caused by external and unforeseeable events, including hacker attacks. In addition, the IT Function, in collaboration with colleagues of the European parent company and external experts, carries out a series of checks, also in compliance with the obligations dictated by supervisory legislation, aimed at quantifying the IT risk and illegal data processing;
- with reference to the correct application of corporate rules and processes also with regard to the personal data of employees, collaborators, suppliers and external clients of TFSI, the control of compliance with the rules on privacy falls within the direct scope of TFSI's Compliance function;

Regarding **KINTO Italia**:

- as data controller, it adopts the same "customer centric" approach as TFSI;
- has identified the Data Protection Officer ("DPO") in an external professional, who collaborates with the 2 Privacy Officers (IT and Business Growth Operations managers) and the Data Processors, i.e. staff members who come into direct contact with customer data and information;
- The security of corporate data is achieved through the same methods as TFSI described above. KINTO Italia, in compliance with applicable legislation, has also implemented business continuity and disaster recovery systems in order to monitor the risk of data loss caused by external and unpredictable

⁹ Applicable only for TFSI.



events, including hacker attacks;
 - with reference to the correct application of company rules and processes also with regard to the personal data of employees, collaborators, suppliers and external customers of KINTO, the control of compliance with the rules on privacy falls within the direct perimeter of KINTO Italia.

In **Ayoi Nissay Dowa Insurance Company of Europe SE – AND-E and Toyota Insurance Management SE – TIS**, as representatives of foreign companies:

- the management of IT systems is under the control of the respective Parent Company. However, it should be noted that both companies have adopted a specific organization chart for the management of privacy, in order to observe, evaluate and organize the management of the processing of personal data and the protection of the same, so that these are processed in full compliance with European and national privacy regulations. They also have four levels locally:

Figure 7

The main security measures adopted by TMI in the management of information.

- 
1. A Local DPO – Data Protection Officer – reporting to the Group DPO (in Germany) as required by current legislation and in line with all Toyota companies in Italy;
 2. Privacy Officer, in support of the Local DPO, identified within the Legal, Risk and IT areas;
 3. Privacy Coordinators, supporting Privacy Officers, who act as intermediaries between the latter and the Business Units;
 4. Data processors, i.e. staff members who come into direct contact with customer data and information.

Stakeholder mapping and materiality analysis

— CHAPTER 4



4.1

STAKEHOLDER MAPPING

As explained in TMC's Sustainability Data Book⁹, identifying stakeholder categories and appropriate dialogue channels for their engagement is an important step for a sustainable development and a transparent relationship.

During 2020, TMI completed, within its Sustainability Report, the first mapping of its stakeholders, that is the identification of individuals or groups of individuals who can influence or be influenced by its activities. In the implementation of this process, the macro categories considered globally by TMC, i.e. Customers, Employees, Business Partners, Shareholders, Local Communities/ Global Society, represented a primary reference that TMI has then adapted to its business and to the European and Italian context, identifying twelve categories of major stakeholders. Finally, the Toyota Group in Italy reviewed and validated this mapping for the 2022 Sustainability Report.

Over the last three years, Toyota has also started to engage some of the categories identified, making them active parts of the company's commitment to sustainability through the assessment of the most important issues for the Group, as described in the following paragraph. These activities are part of a path that aims to identify and institutionalize specific dialogue channels that can lead the company to involve its stakeholders more and more in the definition of its sustainability activities and strategy.

⁹ Toyota Motor Corporation, Sustainability Data Book, p. 7.

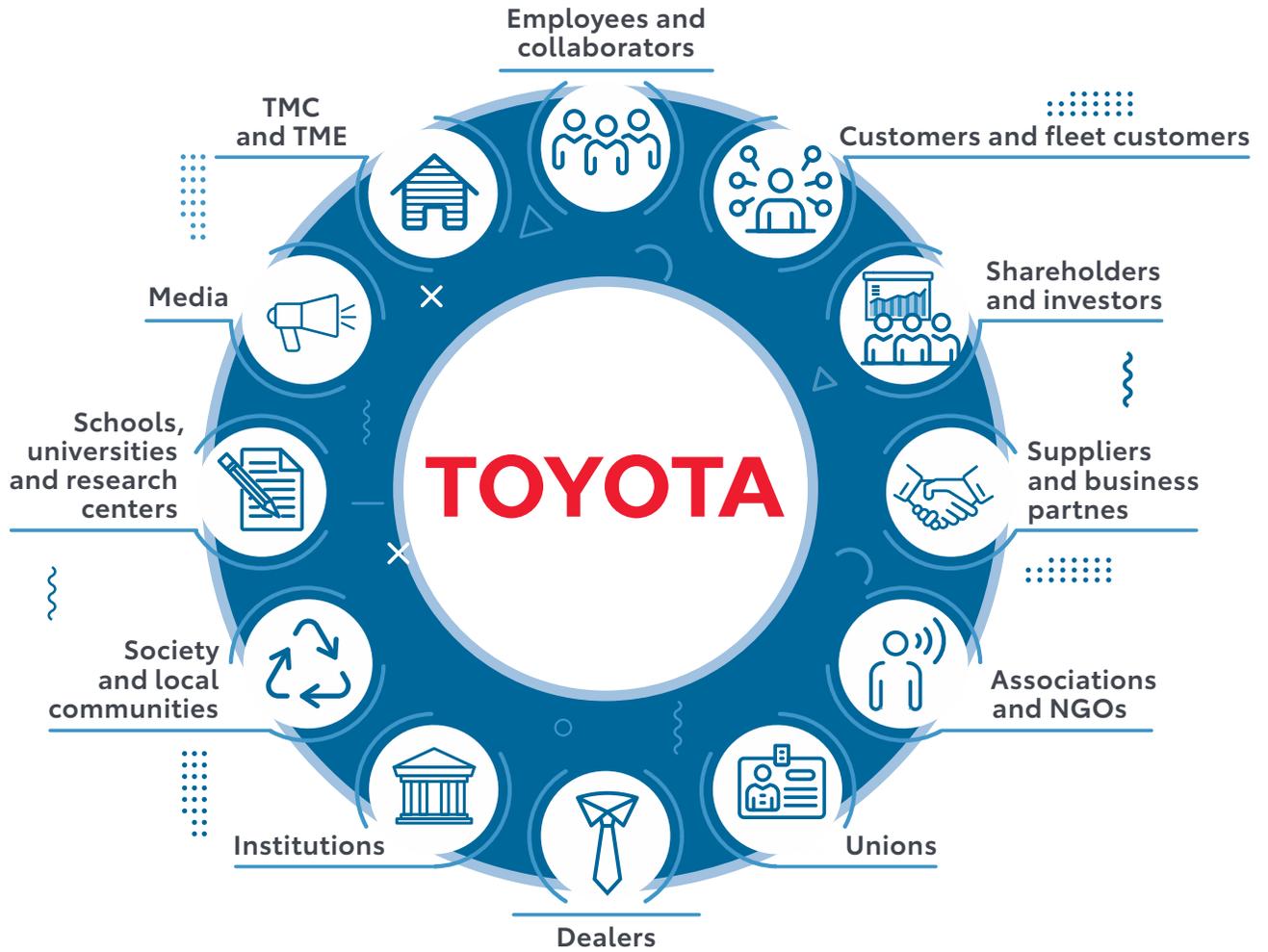


Figure 8

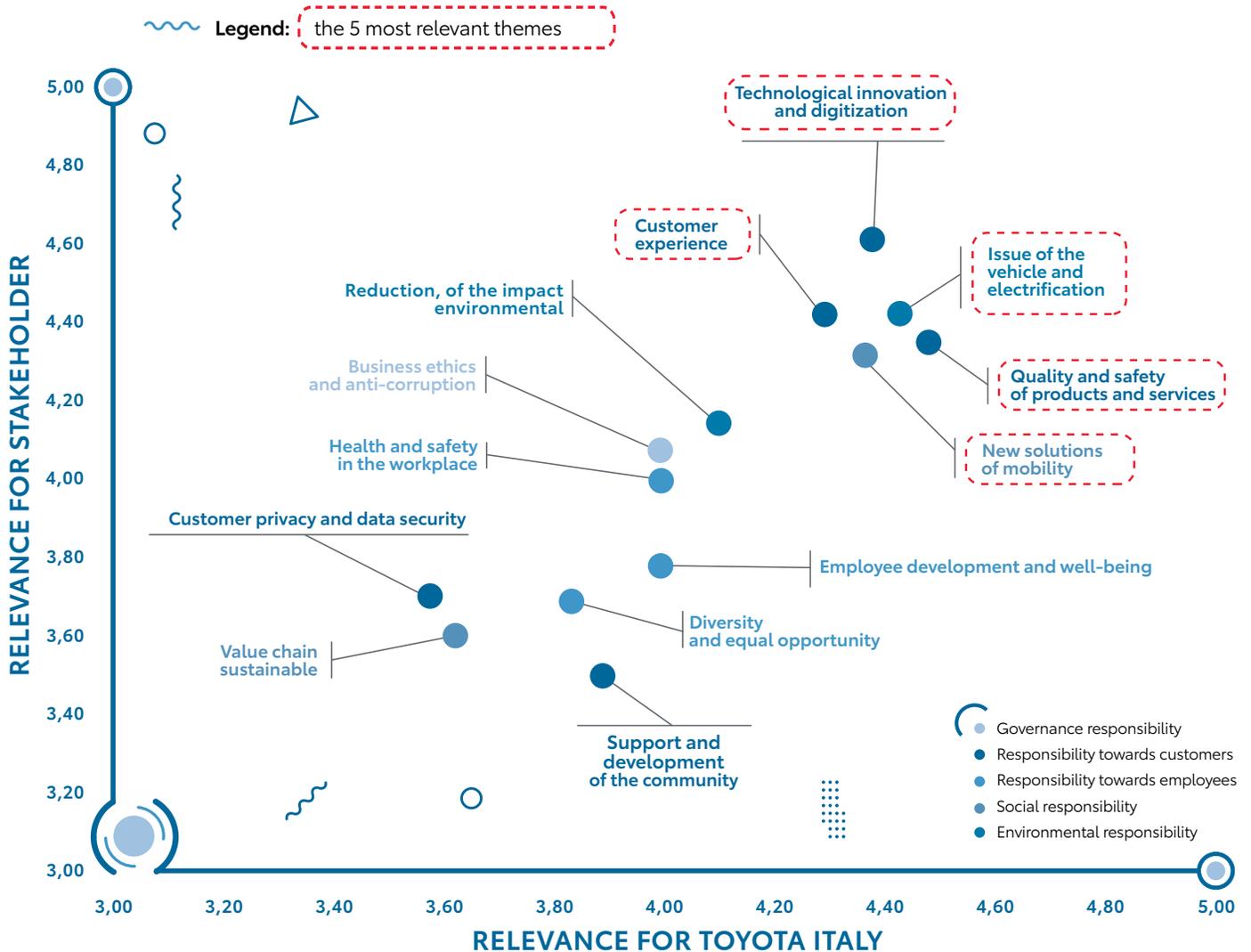
Toyota's stakeholder mapping.

4.2 ANALYSIS AND MATERIALITY MATRIX

Figure 9

Materiality Matrix of Toyota Group in Italy.

In accordance with the GRI Standards, the international standards for non-financial reporting issued by the Global Reporting Initiative, this Sustainability Report aims to deepen the material issues, i.e. aspects that reflect economic, environmental and social issues that are significant for the Toyota Group in Italy and that can influence the assessments and decisions of its stakeholders.



For the 2022 Sustainability Report, the Group has updated the materiality analysis, involving in the vote the relevance of the issues, which were most relevant for the sector and the context in which the Group operates, a sample of more than 50 stakeholders belonging to the categories of employees, suppliers and dealers. In addition to this evaluation, the vote of more than 20 members belonging to the Group's management lines was taken to express Toyota's perspective on the impact of these issues on corporate decision-making processes. The votes thus obtained allowed the updating of the materiality matrix. The matrix allows to visualize the relevance of each topic both for the Toyota Group in Italy (abscissa axis) and for its stakeholders (ordinate axis).

The updating of the matrix has made it possible to identify 13 issues that have been particularly relevant for the Group's business and shows a substantial alignment with the major macro-trends in the industry, with reference, for example, to the importance that new mobility solutions assume for the business, but it reflects the distinctive features of Toyota's values and strategy as well. The issues evaluated as being most relevant by stakeholders and companies represent important pillars of the brand business: **the innovation, the development of alternative traction systems and the progress toward electrification, the quality and safety of vehicles and the attention to the customer** are, in fact, fully reflected in Toyota's strategic and value priorities as well as into the brand's history and success.

Toyota's environmental commitment

— CHAPTER 5

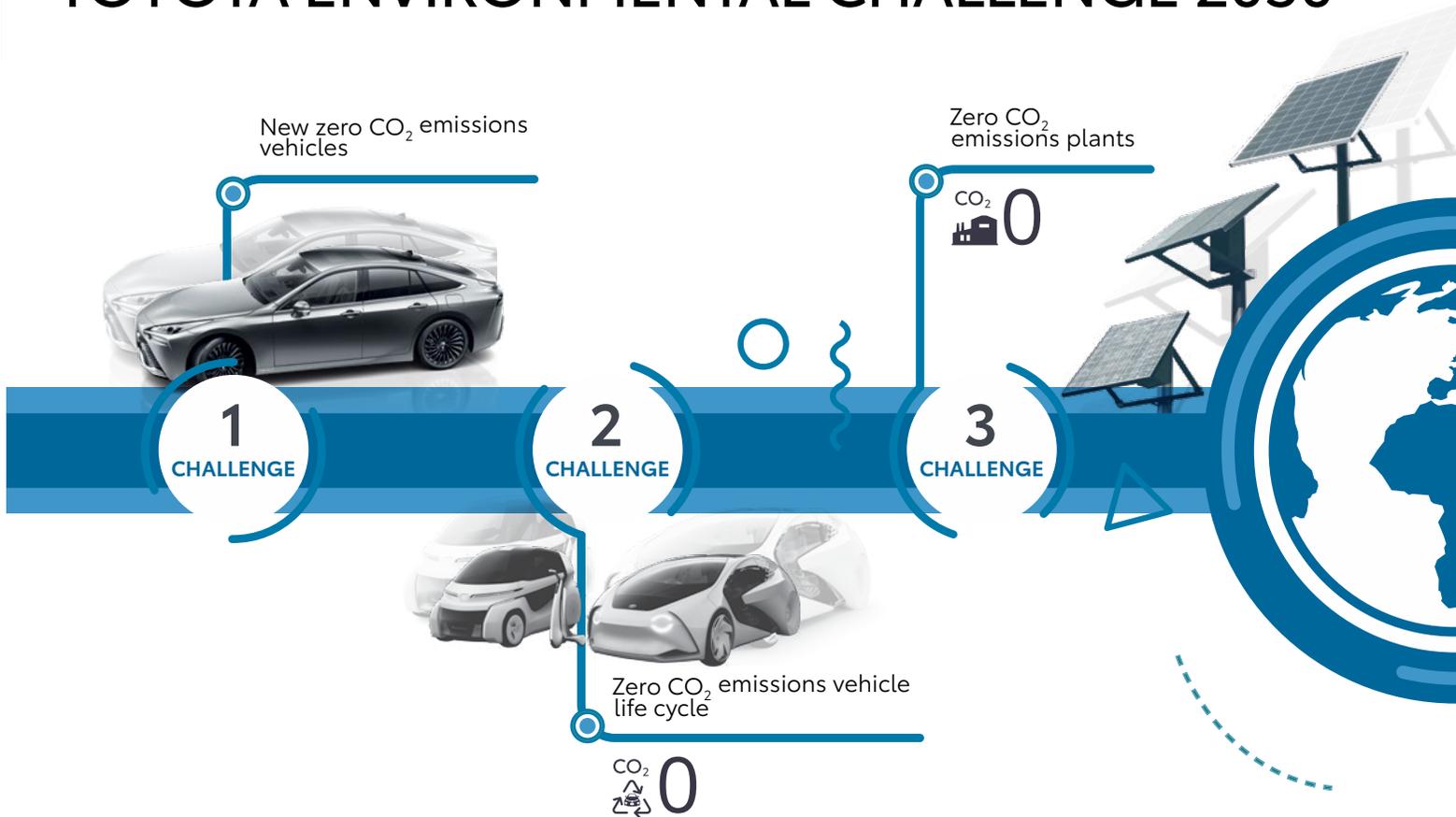


5.1

TOYOTA ENVIRONMENTAL CHALLENGE 2050

The protection of the environment and the commitment to minimize the impacts of its activities are for Toyota priority elements, present both in the Guiding Principles¹⁰ (Principle 3 "Dedicate our business to making products clean and safe, improving the quality of life everywhere through our activities") is among the long-term goals of the Toyota Global Vision ("Respect the Planet"). After decades of research and progress towards less polluting technologies, in 2015 the brand formalized, with the **Toyota Environmental Challenge 2050**, its 2050 environmental strategy, divided into six challenges and aimed at reducing its environmental impact, from production to use of the vehicle.

TOYOTA ENVIRONMENTAL CHALLENGE 2050



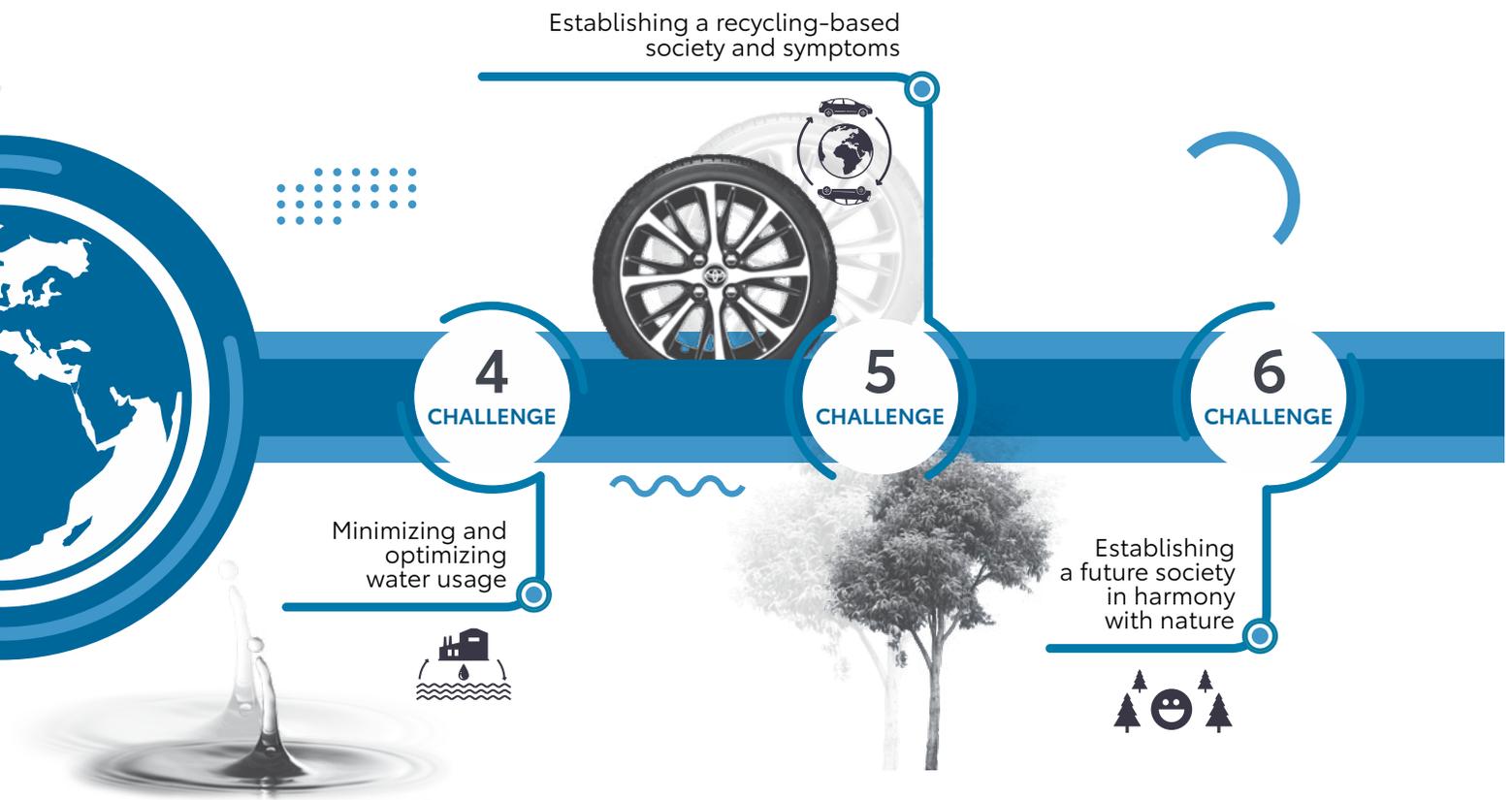
¹⁰ TMC, 75 Years of Toyota, https://www.toyota-global.com/company/history_of_toyota/75years/data/conditions/philosophy/guiding_principles.html

The challenges - depicted in Figure 10 - aim to **minimize emissions of production and vehicles**, both during their use and throughout the life cycle, **minimize and optimize the use of water resources**, **encourage the circular economy and eventually achieve a society that is in harmony with nature**. At the same time, they will contribute concretely to the progress of various SDGs.

Figure 10

The six challenges of the Toyota Environmental Challenge 2050.

Toyota set 6 goals to improve the environment, to be achieved by 2050.



5.2

“BEYOND ZERO” VISION: TOYOTA ELECTRIFICATION STRATEGY

The first challenge of the Toyota Environmental Challenge 2050 is to **reduce average CO₂ emissions per vehicle by 90% from 2010 levels, by 2050.**

Taking the view that low-impact vehicles can only make a real contribution to society if they are used by an increasing number of people, Toyota aims to develop technologies that make the transition to cleaner mobility more accessible. For this reason, several initiatives have been launched at global level aimed precisely at accelerating the spread of electrified mobility. In this context, in April 2019 Toyota announced the liberalization until 2030 of about 24,000 patents owned by it related to the electrification of vehicles, helping governments and manufacturers to develop the technologies needed to reduce the effects of climate¹¹ change.

One of the pillars of the Beyond Zero vision is the **confirmation of its leadership** in electrification (figure 11), thanks to the more than 20 million electrified cars¹² introduced in the last 25 years worldwide.

A leadership based on a **multi-technology approach**, to offer its customers around the world a wide range of solutions, to reduce CO₂ emissions as much as possible and as soon as possible. It's crucial for Toyota to be able to deliver the right electrified solution, at the right time, in every region of the world. For this reason, its strategy includes both the introduction of more zero-emission solutions, such as battery electric and electric powered by hydrogen fuel cells (considered complementary), and the continuous

¹¹ Among the patents liberalized, some of which are still under approval, are advanced technologies on electrified vehicles, particularly those equipped with hybrid-electric systems (HEV) that have enabled Toyota to improve performance, reduce the size and especially the components cost. Specifically, among the patents are those relating to individual elements and systems such as electric motors, the "Power Control Unit" (PCU) and control systems, or key technologies applicable to the development of different types of vehicles, including HEV, Plug-in (PHEV) vehicles and fuel cell (FCEV) vehicles.

¹² Updated to January 2022.

improvement of those with very low emissions, such as the Plug-in Hybrid and the Full Hybrid (figure 12). In particular, according to Toyota, the latter will still continue to play a fundamental role, thanks to its accessibility and full usability, since it does not depend on a charging infrastructure, and guarantees very low emissions even of pollutants (e.g. emissions of nitrogen oxides-NOx- more than 90% lower than the legal limits). According to Toyota, each of the electrified technologies currently available on the market and considered complementary, will contribute to the transition to a more sustainable future.

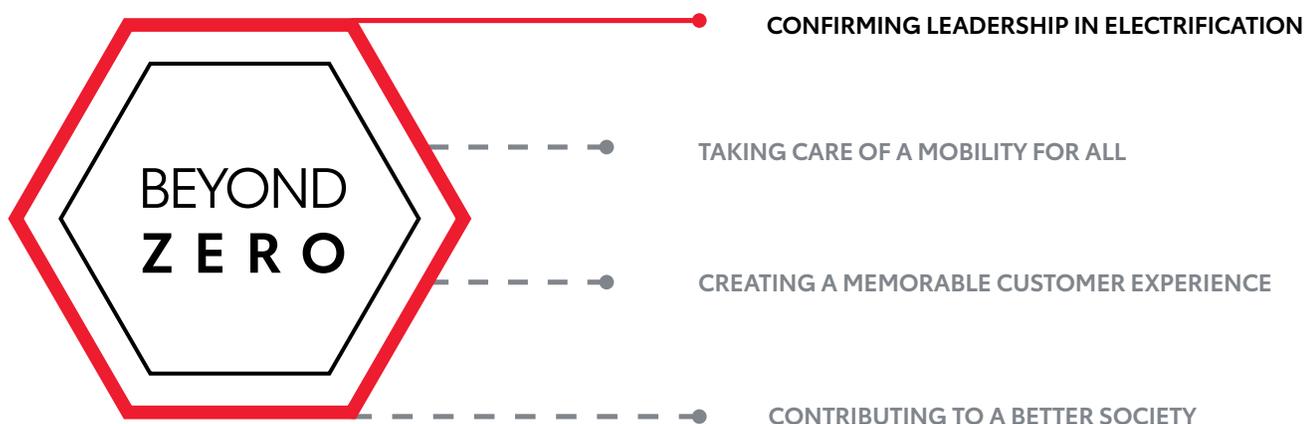


Figure 11

Vision Beyond Zero.

COMMON COMPONENTS TO ALL TECHNOLOGIES

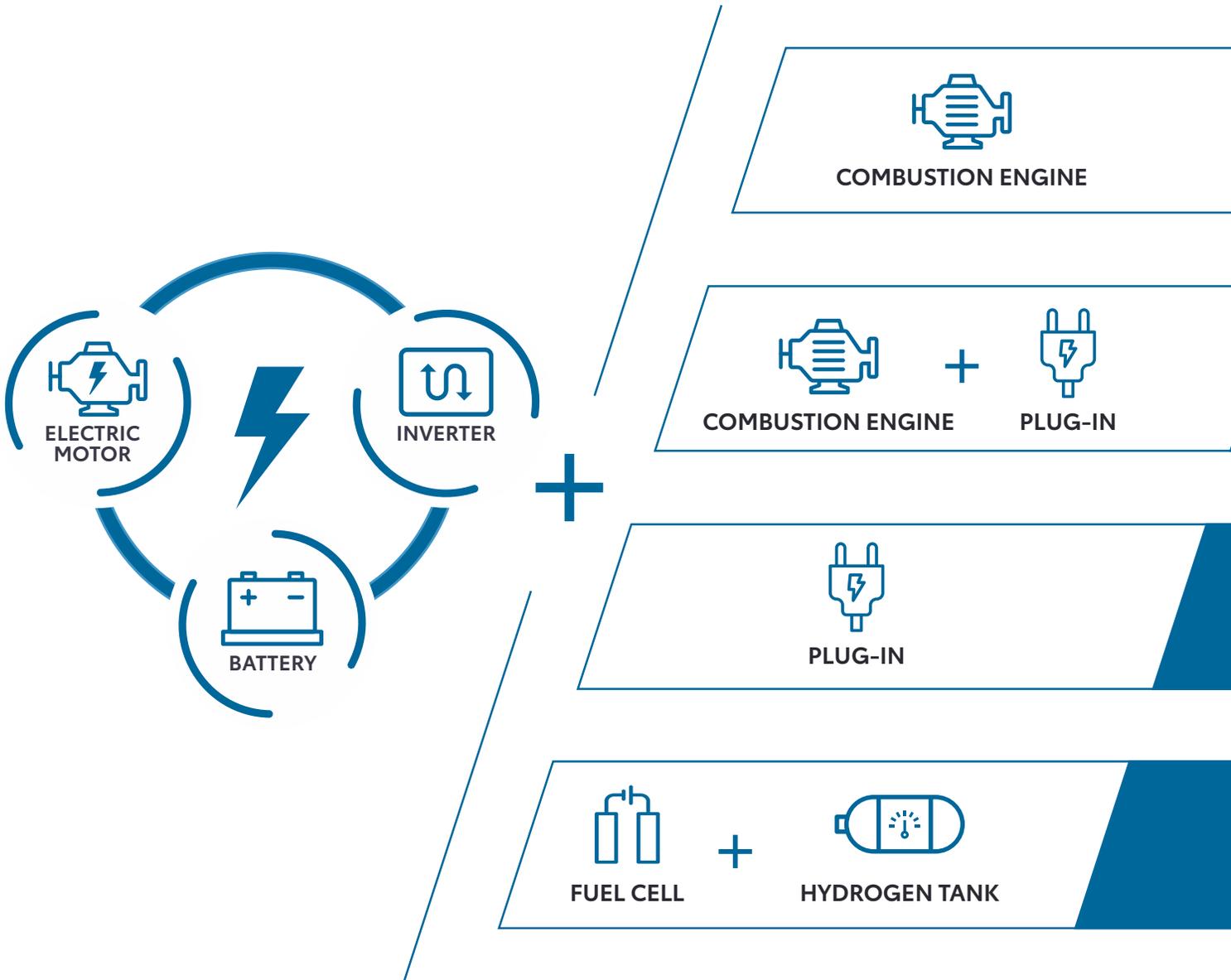


Figure 12

Toyota's electrified solutions.

HYBRID ELECTRIC VEHICLE

Vehicle equipped with two engine types, an electric motor and a combustion engine.

HEV

PLUG-IN HYBRID ELECTRIC VEHICLE

Hybrid Electric system equipped with a greater capacity battery that can be recharged through a plug-in and by the combustion engine (as for HEV).

PHEV

BATTERY ELECTRIC VEHICLE

Pure electric: the traction is carried out solely by the electric motor and the battery is recharged from an external socket.

BEV

FUEL CELL ELECTRIC VEHICLE

Hydrogen vehicle: to the three main components of an electrified car a group of fuel cells and a hydrogen tank are added.

FCEV

The role of Full Hybrid

The Full Hybrid technology plays a key role in the energy transition as it can ensure low environmental impacts without substantially changing the driving habits of users compared to conventional vehicles. In fact, although a significant percentage of the traction is carried out by electrical components, the refueling takes place in the same way as internal combustion vehicles. The energy efficiency of Toyota Full Hybrid vehicles has been the subject of three scientific studies in which the energy behavior of different vehicles has been monitored in order to establish the percentage of mileage of zero-emission cars in different types of routes (urban, motorway and mixed). The most recent of these studies - conducted in 2020 and carried out in collaboration with the CARE (Center for Automotive Research and Evolution) of the Guglielmo Marconi University of Rome and ENEA (National Agency for New Technologies, Energy and Sustainable Economic Development) - featured the new Yaris, equipped with the fourth generation Full Hybrid technology and involved 20 drivers, each of whom completed the route three times. The new Yaris has achieved remarkable performance, covering the planned route with an average operation for more than 78% of the time at zero emissions (touching 82.6% on urban stretches) and for 66.6% of the exclusively electric traction space (table 1).

Table 1

Results of the 2020 study on the new Toyota Yaris.

	URBAN	EXTRA-URBAN	TOTAL TEST
ZEV - Time	82,6%	75,7%	78,0%
ZEV - Space	76,1%	64,5%	66,3%
Consumptions [l/100km]	3.81	2.93	3.07
Total system efficiency	34,0%	43,3%	41,5%

From the point of view of emissions, Toyota is in line with the CO₂ targets set by the European Union and that predict fleet emissions not exceeding 95 g/km by 2021. This goal has been achieved thanks to an early introduction of electrification throughout the range, allowing the wide spread of efficient vehicles with high safety standards. Aygo, Yaris, C-HR, Corolla and Prius report CO₂ emissions below the 95 g/km CO₂ threshold for all versions in the range. The introduction of the new Yaris Hybrid (64 g/km), the RAV4 PHEV (22 g/km), the new hydrogen-powered Mirai and the electric Lexus UX 300e crossover will set the pace for a further 15% reduction in CO₂ by 2025, as required by regulations. Finally, the introduction in the coming years of the Toyota bZ series dedicated to battery electric vehicles, with the first model of the bZ4x range, will allow a further evolution with the aim of achieving a 100% reduction of CO₂ in all new vehicles by 2035.

The different types of hybrid in the automotive industry

HEV - **Hybrid Electric Vehicles** can be classified by performance or by mode of operation.

The first classification distinguishes between:

- **Hybrid series:** traction is carried out by the electric motor only, while the thermal motor has the sole function of generator to recharge the vehicle battery;
- **Parallel hybrid:** both motors participate in the traction, with the electric motor assisting the thermal motor with a surplus of power when necessary;
- **Series/parallel hybrid:** this is the system used by Toyota that takes advantage of both systems, with the heat engine operating by complementing the electric motor.

Toyota uses Full Hybrid and Hybrid Plug-in technologies for its vehicles, which are distinguished by a greater contribution of the electric component compared to other technologies, as can be seen in the following classification according to mode of operation:



MICRO HYBRID

Equipped with a simple Start&Stop device that turns off vehicle's engine when stationary and **braking system recharging the battery.**



MILD HYBRID

Equipped with an electric motor that cooperates with the combustion engine, **but that cannot work autonomously.**



FULL HYBRID ELECTRIC TOYOTA

Equipped with an electric motor that works both together with the combustion engine and completely autonomously: it is a very efficient system, that allows to run at **zero emissions for more than 50% of the time***.



HYBRID PLUG-IN TOYOTA

It is the Full Hybrid Electric version with a **plug-in to increase electric running range.**

A reliable index to measure the effective role of the electric motor in a hybrid system is the **degree of hybridization (Hr)**. It is expressed by the ratio between the maximum power of the electric motor and the sum of the maximum power of the heat and electric motors. Battery electric vehicles have an $Hr = 1$, while conventional engines have an $Hr = 0$. All thermal-electric hybrid vehicles have an Hr value between 0 and 1, depending on the weight of the electric component, and which makes it possible to distinguish **Micro or Mild Hybrid** ($Hr \leq 0.23$) from **Strong or Full Hybrid** (> 0.23).**

* The zero-emission percentage refers to the fraction of time of the total time spent travelling the routes under examination. This percentage is derived from the results of studies on the energy behavior of Toyota Hybrid vehicles carried out by CARE - Research Centre on Cars and their Evolution (Guglielmo Marconi University of Rome) and by ENEA - National Agency for New Technologies, Energy and Sustainable Economic Development (Casaccia Research Center, Roma), and from those obtained with the "Truth Test Drive" based on data from the vehicle's diagnostic system.

** Chris Mi, M. Abul Masrur, Hybrid Electric Vehicles: Principles and Applications with Practical Perspectives, Ed. John Wiley & Sons, 2017, par. 1.4.7. David Crolla Behrooz Mashadi Vehicle Powertrain Systems Ed John Wiley & Sons 2011 par 7241/2/3.

Figure 13

Classification of Hybrid technologies.

Toyota's strategy on battery electric vehicles

Toyota's multi-technology approach to electrification is further strengthened with its recently announced battery electric vehicle strategy, which foresees global sale of 9.5 million electrified vehicles per year, including 3.5 million battery electric vehicles (BEVs), by 2030. By the same date, Toyota, in Western Europe, aims for a zero-emission vehicle (ZEV) mix of at least 50% and, by 2035, is ready to achieve 100% CO₂ reduction in all new vehicles.

One of the central elements of this strategy is the introduction of the Toyota bZ series, dedicated to battery electric vehicles. A dedicated battery electric vehicle platform (e-TNGA) has been developed for the bZ series to meet the diverse needs of global markets and offer a full range of affordable battery electric vehicles.

The first model in the range is the bZ4X, announced in 2021 and launched in 2022. bZ4X is a vehicle that guarantees smoothness and handling, with true SUV performance.

The bZ series line up will then be expanded with a mid-size SUV, with an attractive design, that means a new era for battery electric vehicles and delivers a rewarding customer experience.

Within the bZ series, a compact SUV will also be developed: a small battery-electric vehicle with a comfortable interior, designed for Europe and Japan. The larger the size of the batteries used to extend the driving range, the bigger, heavier and more expensive a vehicle becomes. For this reason, given the small size of this SUV Toyota is working in a particular and very accurate way on energy efficiency. In the bZ series will be also introduced a mid-size sedan, which meets the expectations of customers looking for a first car, and a large SUV with a third row of seats designed for the needs of families. Lexus will also be a key player in the battery electric vehicles development strategy. Lexus aims to offer a full range of battery electric vehicles by 2030, sell battery electric vehicles exclusively in Europe, North America and China, reach 1 million units sold globally and have battery electric vehicles account for 100% of its global vehicle sales in 2035.

¹⁵ For more: EUROPEAN PREVIEW OF THE NEW TOYOTA BZ4X

In the area of batteries, Toyota has continued to research, develop, and produce batteries in-house for many years. In 1996, established what is today the 'Prime Earth EV Energy'. While refining its technologies related to nickel-metal hydride batteries, Toyota started accelerating the development of lithium-ion batteries in 2003. Furthermore, since having established its Battery Research Division in 2008, Toyota have been advancing research on solid-state batteries and other next-generation batteries. In 2020 Toyota established the 'Prime Planet Energy & Solutions' to accelerate integrated efforts in the battery business. Over the past 26 years, Toyota has invested nearly 1 trillion yen and produced more than 19 million batteries. In the future, Toyota plans to increase its investment to 2 trillion yen (about 15 billion euros), aiming to realize even more-advanced, high-quality, and affordable batteries. Production has already begun on the world's first bipolar nickel metal hydride (NiMh) battery, which, in addition to using less critical virgin materials, has a lower cost and twice the power density compared to a normal NiMh battery. By applying similar techniques to lithium-ion (Li-Ion) batteries, combined with additional efficiencies in vehicle energy consumption, Toyota expects to achieve a 50% reduction in the cost of battery per vehicle in the second half of this decade, without decreasing its range, thus making battery electric vehicles more profitable and affordable.

Toyota Motor Corporation unveils full range of battery electric vehicles.

In December 2021, Akio Toyoda, President of Toyota Motor Corporation, presented to national and international media further updates regarding the global strategy for carbon neutrality, outlining his plans for the introduction of 30 battery-electric models by 2030. The President has in fact expressed his desire to achieve carbon neutrality and be a company that contributes to safeguarding the environment, that wants to produce happiness for everyone, both for individuals and for society, and that acts and stays close to its customers. That's why Toyota wants to make as many options available as possible to its customers around the world.



Figure 14

Akio Toyoda unveils full range of battery electric vehicles.

¹⁶ For more information: <https://newsroom.toyota.it/toyota-motor-corporation-svela-la-gamma-completa-di-veicoli-elettrici-a-batteria/>

The role of hydrogen

For about thirty years, Toyota's research has gradually focused on perfecting an electrified technology with great potential for sustainable mobility as imagined by the brand: FCEV vehicles, that is powered by hydrogen fuel cells. Hydrogen is an unlimited resource present in an inexhaustible form in nature, which allows the storage, in gaseous, liquid or solid form, of energy produced from renewable sources safely and for a long time, allowing easy transport. Its high energy density is by weight (about 2.9 times higher than gasoline and 160 times higher than lithium-ion batteries) and by unit volume (when compressed to 700 bar, 3.7 times higher than gasoline and 3.5 times higher than lithium-ion batteries), making hydrogen comparable to conventional fuels in terms of both space and filling speed.

Toyota Mirai, the world's first mass-produced hydrogen car and marketed since 2014, now in the second generation, represents the symbol of Toyota's strategy to popularize this system as the most promising solution in terms of emissions - the FCEVs are zero emission vehicles - and driving habits if you look at the high autonomy and reduced fuel times. However, one variable in the deployment of such vehicles is the degree of development of the necessary infrastructure, namely hydrogen filling stations, and the support that the institutions will be able to provide for this technology. Japan, thanks to the strong support of the Government, is among the most advanced countries in this regard, with 91 active stations. Toyota, in joint venture with Nissan, Honda and the French company Air Liquide, has formed the consortium "Japan H2 Mobility" for the

Figure 15

Toyota Mirai.



further development of the network, providing 80 new stations in 4 years. In Italy, the transposition of Directive 2014/94/EU "DAFI" has been an important step for the development of a refuelling infrastructure for alternative fuels. In particular, it was planned to create a number of hydrogen fueling stations suitable to meet the minimum requirements of long-distance travel throughout the country by 31 December 2025. Now there are two filling stations: one in Bolzano, which is an important stop along the green corridor between Germany and Italy and should connect Munich to Modena; the other in Venice, inaugurated in June 2022. The latter is part of the project initiated by ENI for the creation of new filling stations in San Donato Milanese (MI) and in the metropolitan area of Venice. Linked to this project is the collaboration of Toyota with ENI, according to which Toyota will make available its technologies and know-how in this field, at the service of the development of the Italian infrastructure network. In October 2021, Snam, Toyota and Caetanobus signed a memorandum of understanding with the aim of starting a wide-ranging collaboration to promote and accelerate the introduction of hydrogen-based mobility for both heavy and light transport. The initiatives will cover the entire hydrogen value chain, from distribution and refueling infrastructure to the introduction of bus, logistics and vehicle fleets, thanks also to the availability of KINTO mobility services of the Toyota Group. Finally, from 2020, **Toyota has planned to tenfold increase fuel cell production from 3,000 to 30,000 units per year after 2020.** The hydrogen "fuel cell" technology developed by Toyota can be used in many fields. Accordingly, Toyota has decided to share its technology on "fuel cells" and hydrogen propulsion systems with other industrial partners, with collaborations, supplies and liberalization of its patents. In 2015, Toyota liberalized the use of 5,680 hydrogen patents, which were extended to over 8,000 in 2019. Of the 8,060 hydrogen patents liberalized so far, 2,840 concern the fuel cell stack, 780 high pressure tanks, 3,350 control systems and 2,380 patents for fuel cells, while 70 are those for fuel stations. In order to develop new partnerships on the European market, Toyota Motor Europe has set up the Fuel Cell Business Group, a business unit based in Brussels specifically dedicated to promoting the development of a hydrogen company on our continent, introducing hydrogen in all economic sectors and in all areas of social life.

5.3

REDUCTION OF ENVIRONMENTAL IMPACTS AND RESOURCE MANAGEMENT

Emission reduction and plant management

The global challenges of climate change over the past decade have encouraged a growing awareness and debate, both by institutions and companies, on the countermeasures needed to mitigate their effects.

In this regard, the challenge number 2 launched by Toyota **aims precisely to zero CO₂ emissions throughout the product** life cycle through materials whose processing requires processes with low environmental impact but also reducing the amount of components per vehicle and increasing the use of recycled and recyclable materials with high performance in quality and safety.

However, through challenge number 3, **the brand is committed to reducing CO₂ emissions from production plants**, a commitment that passes through technological innovation, the process efficiency and the increasing use of renewable energy. In Italy, despite the absence of production facilities, Toyota Group has always been committed to the constant reduction of its energy consumption and the environmental impact of its activities. An essential element of this commitment is the presence of a solid Environmental Management System certified ISO 14001 since 2003 and effectively applied to the Management Centre and the network of dealers in the country.

The headquarters of Toyota Italia is located in Rome and consists of 4 main buildings, including the spare parts warehouse. Overall, the covered areas extend for about 18,000 square meters, making energy efficiency an essential element of its environmental strategy. The environmental monitoring plan provides for the detection of the trend of energy consumption of the entire complex in terms of use of electricity, gas for heating, gas for the canteen service, sanitary water, fire water and well water for irrigation. Data are recorded and processed by the Facility Management both for the purposes of the Audit activities within the Environmental Management System and, above all, for the continuous improvement of the energy performance of the company. The Environmental Management System, as well as the Hoshin Kanri, both company and functional, set annual targets in terms of reducing energy consumption. These



Our office.

targets take into account the investments set by the company to upgrade the plants with greater impact on consumption and the implementation of new energy efficiency measures, but, at the same time, also the continuous evolution in the management of the premises due to the growing number of users.

Starting from 2017, Toyota has defined an investments plan aimed at the **technological and plant update of the headquarters**, making a first step towards a building that aims, in perspective, to energy self-reliance.

However, the predominantly commercial activity of Toyota companies in Italy cannot be separated from a close collaboration with logistics partners, for the efficient handling of spare parts and vehicles between foreign production plants and the offices of the dealer network throughout the national territory. This is why, in order to monitor and limit its environmental impact, especially with regard to greenhouse gas emissions, Toyota in Italy has started for years a direct dialogue channel with the two main logistics operators for the handling of spare parts and vehicles, respectively Susa and Bertani, which established

a progressive alignment on energy efficiency and emission reduction targets. Also on a continental level, Toyota is working to reduce the impact of its activities related to the parts and vehicles transport. With regard to the procurement of vehicles to the Italian subsidiary, in fact, **Toyota Motor Europe** in collaboration with **TMI has replaced road transport with rail transport for the route between the Belgian plants and Verona, with significant savings in CO₂ emissions.**

For a more accurate monitoring of its carbon footprint, Toyota Italy has started, from this Report, a calculation of CO₂ emissions related to the two most impacting categories for downstream logistics activities, which is the transport and distribution of spare parts and vehicles to the dealer network, a fundamental activity for Toyota's core business in Italy. This category, whose emissions amount to approximately 4,250 tons of CO₂ for the FY 22¹⁷, is a much more impactful emission category than the emissions associated with the direct activities of Toyota and, as a result, a great opportunity to collaborate with its partners to reduce the overall environmental impact.

Optimization of the use of water resources

Toyota's environmental strategy considers **the optimization of the water use a key element for the protection of the environment and the territory** and has made it the target of the challenge number 4. At the Toyota headquarters in Italy, not being used in production activities, water is collected and used mainly for water-sanitary, fire and irrigation activities and car wash. Since 2020, the company has started an improving process of the monitoring of water consumption aimed at optimizing and improving the management of the water network by increasing the number of meters, increased from one to five. The definition of a monitoring and a detailed baseline of consumption was thus the first step of an analysis path that will lead to the study for the laying of a new pipe that will allow a more accurate monitoring facilitating efficiency interventions.

¹⁷ For the calculation of Scope 3 emissions, the perimeter considered includes only the two logistics operators in charge of handling, to the locations of the dealer network, Toyota's components and vehicles in Italy. With regard to calculation, the quantities of diesel used by the two operators, estimated on the basis of the activities and volumes attributable to Toyota, were taken into account. The calculation does not include the consumption of other fuels and operating sites used by logistics operators. The source used for the emission factors of Scope 3 is "ISPRA, National Inventory Report, 2021". For further info see Chapter 10 – Table 3

Waste management and circular economy

In order to limit the biggest impact of its business in the field of waste production, that is, the end-of-life of vehicles, Toyota has launched the challenge number 5: **the realization of systems and companies based on recycling**. One of the key projects promoted by the company is the **Toyota Global 100 Dismantlers Project** that establishes the correct treatment of products in the final phase of the life cycle. The areas covered by the project concern the use of materials with low environmental impact, the extension of the useful life of components, the development of recycling technologies, and the reuse of vehicles or part of vehicles in the production of new cars.

In Italy, this commitment translates into a careful waste management, with the aim of reducing those most controllable by the Group. In order to reduce waste that can be assimilated to urban areas, Toyota Italia has realized initiatives aimed mainly at reducing the production of plastic and paper. In particular, the PET present on site has been significantly reduced thanks to the introduction of water dispensers connected to the water network that have allowed to reduce the consumption of water bottles by more than 50%. Moreover, the Toyota Italia Group, with the support of its partner Sodexo, continues to have a focus on reducing plastic consumption through the "Plastic Free" project. As regards paper, in addition to the use, carried out for over 10 years of recycled paper only or from certified forests, the trend of reducing the consumption of printed paper continued, thanks to an advanced phase of implementation of the document digitization projects and related workflows.

Waste is monitored in detail, with a focus on hazardous waste, such as batteries for electrified vehicles, which, in accordance with current legislation, are managed safely by the COBAT consortium. In general, most of the special waste handled by the company comes from the spare parts warehouse and is proportional to the volumes of spare parts managed. However, the percentage of hazardous special waste is very low while almost all (over 99%) of special, hazardous and non-hazardous waste is destined to recovery in authorized collection centers.

TMI spare parts logistics: a European best practice

TMI spare parts logistics area represents today a best practice not only for the process efficiency, but also and above all for the waste reduction generated by its activities.

This objective is pursued through two paths based on as many pillars of the circular economy: the reuse and reduction of materials used. In recent years, the logistics department of TMI has launched a project to reduce the purchase of packaging material. Among the initiatives studied and implemented in this regard, the reuse of packaging cardboard occupies a prominent position. The reusable packages are in fact deposited in a dedicated area of the warehouse, where, thanks to the use of a special machine, they are readapted for subsequent shipments. In addition, where the volume of products shipped allows, TMI provides for the use of return containers, which can be used for multiple operations. At the same time, the collaboration of TMI with its logistics supplier, SUSANA, with whom solutions to optimize shipments and the use of materials are constantly being studied, is decisive. For this reason, metal cages have been designed to maximize shipping loads, thus allowing a reduction in shipments and the resulting CO₂ emissions, as well as the maximum filling of each container.

On the reduction side, TMI Spare Parts Logistics is a case of exemplary application of Toyota's characteristic principles, namely the Toyota Production System and the Just-in-Time. It is a production model (and, in this case, distribution) of the pull type, driven by the demand of the end user. After estimating the product volumes needed for the business, in fact, the system proceeds to buy daily only the quantities sold. Such model allows therefore to remarkably reduce the warehouse inventory, allowing a great reduction of the operating costs, the accident risks and product obsolescence, preventing that these turn in waste. To date, TMI is able to manage the distribution of spare parts to the entire dealer network with warehouse stocks of just over two weeks, a remarkable result considering the industry average and the network capillarity.

A different discourse regards the spare parts related to commercial vehicles, for which an in-depth analysis has been carried out by identifying the types and quantities necessary to ensure that these

vehicles, in the event of failure, have a minimum stoppage, given the nature of their almost exclusively working use. In order to guarantee an optimal level of efficiency, exclusively for such exchanges, the warehouse stocks have been increased until a maximum of a month.

In order to make the entire distribution chain more efficient, TMI has undertaken the Kaizen Dealer Parts Operations (**DPOK**) project since April 2019, the Toyota Dealer Network Coaching Program aimed at transferring Toyota principles and processes in warehouse and purchasing management. As of 31 March 2022, the project has been implemented at 29 dealerships and 49 locations, considered to be particularly critical, and is continuing with the rest of the network. The project is divided into three areas:

- **Physical warehouse management according to Toyota** principles and based on order, cleanliness and standardization. About sampled dealers, among which some started in February 2020 from a very low level of application of these principles (up to 16% of the standard set by Toyota), now there is an average application of 87%. Further verification will be carried out when the on-site visits are resumed.
- **Operation management with the radio frequency system**, which, using handhelds, promotes the reduction of paper documents. This system is now correctly used by 78% of the sample, compared to 7% in April 2020.
- **Stock management according to the TPS and Just-in-Time method**. The main objective of the project is to progressively reduce stocks, thus reducing costs and risks in the warehouse. Again, the results were encouraging, leading in most cases to a reduction in stocks. The benchmark indicator, which represents the value of the average stocks in relation to the volume of monthly sales, shows that the dealers on whom the DPOK coaching intervention was carried out in FY 22 recorded a 30% reduction in stock.

In addition to issues strictly related to logistics, the program also provides for the sharing of pills related to health and safety at work in exposed environments such as the warehouse, focusing on particularly significant aspects such as correct and safe material handling. With the experience gained during the health emergency, the DPOK project has evolved, benefiting from the rapid digitization of processes and relations between TMI and the dealer network. Through platforms like Teams, in

fact, the coaching, previously done in presence, has been able to extend to a greater number of locations, providing a constant dialogue between the company and the dealer. In further support to the dealers, TMI has envisaged the allocation of a warehouse logistic operator as tutor for every dealer involved in the plan, with the aim to offer timely support in case of doubts or issues related to the warehouse management.

Together with the specific coaching activity on the DPOK project, the spare parts logistics department supports the Toyota Academy in training new dealers and CAA or newly hired warehouse personnel. In FY 22, 5 sessions were provided for a total of 10 training days.



BUILDING A SOCIETY IN HARMONY WITH NATURE

The ultimate goal of Toyota's environmental strategy, sealed by the Toyota Environmental Challenge 2050, is to contribute to the creation of a society that can foster **the peaceful coexistence between men and nature** (challenge number 6). In addition to the other five challenges, Toyota pursues this objective through constant awareness-raising activities on the subject and several projects for the protection of the environment and the redevelopment of the territory. Toyota Group also applies this philosophy in Italy, ensuring its support for activities aimed at conservation and environmental education. The main opportunity to focus attention on environmental issues is the Green Month, a month traditionally promoted in June, entirely dedicated to raising awareness on environmental sustainability issues. The "Green Month Campaign," introduced by Toyota globally in 1973, is launched annually in conjunction with the United Nations International Environment Day and aims to emphasize the importance of a continued commitment to the creation of a sustainable society. The campaign is an unmissable event of environmental awareness, aimed at stimulating concrete actions by the whole Toyota community to create a sustainable society. For the 49th edition of the Green Month in 2021 the Company chose, as the theme, the progress of Toyota's environmental challenges for 2050 and the connection with the SDGs.

Among the several initiatives of FY 22, the awareness of employees, dealers and suppliers of the company was the starting point of the project, in order to actively involve employees of Toyota and companies in close contact with it on the environmental challenges of the Environmental Challenge 2050. Alongside awareness activities, the company has also promoted projects for environmental protection and **redevelopment of the territory**. The initiatives involved the employees in actions of environmental requalification, **planting of trees** (also thanks to the partnership of excellence with Treedom) and **initiatives aimed at optimizing water consumption and CO₂ emissions**.

Toyota and Retake, together for the environment in an initiative at the Aqueduct Park in Rome

In 2021, Toyota renewed its commitment alongside **Retake Roma**, a non-profit and non-partisan movement that promotes the urban regeneration of Rome and the dissemination of civic sense, encouraging active participation by citizens. Toyota has joined Retake in a voluntary initiative for the waste collection with the cleaning of the Aqueducts Park paths in Rome.

The activity has seen the participation of over 120 Toyota employees on an area of 11 hectares, which has led to the **waste collection of about 400 kg**.

Mobility at the service of the community

— CHAPTER 6



6.1 THE NEW MOBILITY SOLUTIONS

Global challenges cause a revolution in the way people move. In the Toyota vision, mobility in the future will be much more connected, automatized, shared and electrified. Toyota will keep on developing global business based on ethic principles by pursuing environmental, social and economic sustainability along all the value chain. In January 2020, Toyota Motor Europe announced the continental launch of the new **KINTO** brand, dedicated to offering mobility services. This initiative is a fundamental step in the transformation of Toyota into a **Mobility Company**, with the aim of offering, in addition to the traditional provision of vehicles and services to individuals and fleets, all types of services related to the transport of people.



KINTO mobility solutions aim to be synonymous of “inclusive and reliable”, “simple and intuitive”, besides that “sustainable”. The value that the Kinto Brand returns to the community derives from the impact on all dimensions of sustainability:

- environmental thanks to the containment of emissions
- economic, for the efficiency due to the forms of sharing
- social, as it is accessible to all.



KINTO is a pillar of the Beyond Zero Vision and embodies Toyota’s ambition to offer, through its innovative services and the most advanced technologies, better mobility for all - "Ever Better Mobility for All".

The strategy of the company and the Group is based on four pillars:

- Use of a dedicated and distinctive brand.
- Developing a specific long-term rental service with an "all-inclusive" offer.
- Use of vehicle connectivity for services such as car sharing, car pooling or subscription.
- The integration of future advances in automated driving, as in the case of the e-palette concept, under development globally.

¹⁸ The long-term rental of KINTO One, the car sharing KINTO Share, the carpooling KINTO Join and the multimodal app KINTO Go are already active in Italy.

The KINTO brand includes six mobility solutions¹⁸ aimed at covering all user needs, from long-term ownership to temporary use of vehicles. This year, KINTO had the opportunity to take stock of its progress on the Italian market, which led to the consolidation of its integrated offer of mobility services, confirming the future direction of becoming a provider of mobility solutions capable of generating benefits for individuals, companies and local communities and institutions in full respect and protection of the environment.

In addition, the integrated offer of KINTO mobility services makes users the real protagonists of a common path towards more sustainable mobility, by ensuring the accessibility and dissemination of zero-emission Toyota and Lexus technologies such as battery electric and electric powered by Hydrogen Fuel Cell. The innovative services offered by KINTO are the answer to the search for a simple and smart way to move, anytime and anywhere. The KINTO proposal provides for:

- **Asset-based** mobility solutions, based on Toyota and Lexus **electrified vehicles** with very low environmental impact, which allow different rental solutions characterized by a very high degree of flexibility in durability, ranging **from 1 minute to 6 years**;
- **Service-Based** mobility solutions, which do not require the rental of a vehicle and are exclusively based on the use of innovative digital platforms.

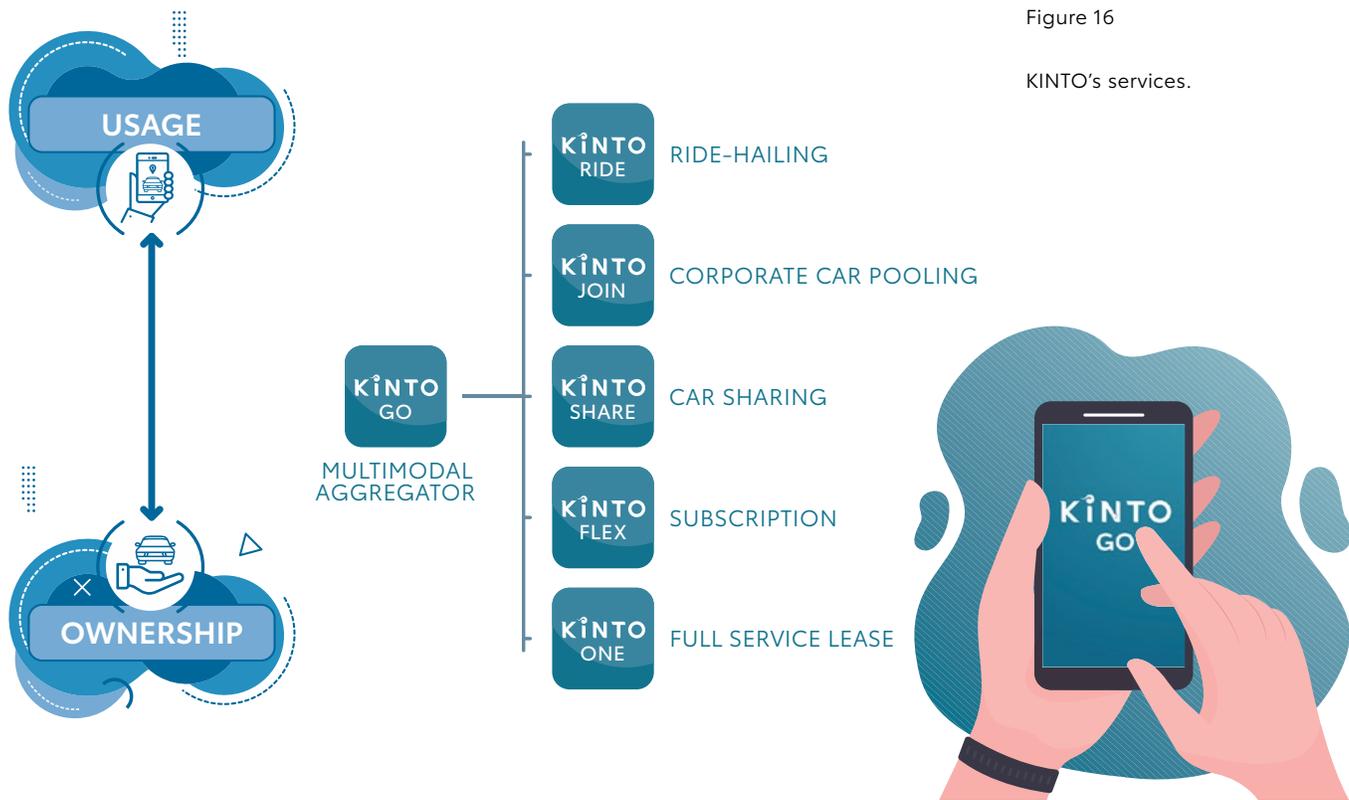


Figure 16

KINTO's services.



KINTO One: Toyota's long-term rental

KINTO One presents itself as the closest solution to the car ownership, offering **long-term rental** of sustainable vehicles belonging to the Toyota and Lexus range, designed for customers sensitive to reducing emissions. In fact, KINTO One is the only operator on the market currently able to offer all the electrified engines: Full Hybrid, Plug-in Hybrid, Electric battery and Electric powered by Hydrogen Fuel Cell. The service is aimed at business customers such as companies, small and medium-sized enterprises and professionals. In fact, for the payment of a defined monthly fee, the customer has access to an "all-inclusive" formula. Particular attention is paid to ensuring an excellent rental experience, thanks to the involvement of the Toyota and Lexus dealer network at every stage of the process, able to assist the customer with dedicated and carefully trained staff, strong of a twenty-year experience in the distribution and maintenance of electrified vehicles.

As of March 31, 2022, KINTO One has approximately 5,700 customers and a rapidly expanding fleet of vehicles.

KINTO Share: Toyota's car sharing

KINTO Share offers a wide range of **car sharing services**, aimed at companies, public and private customers, with a fleet of electrified Toyota and Lexus cars.

Toyota car sharing service in Italy was born in 2018, under the brand YUKŌ with Toyota. In 2020, the YUKŌ brand changed its name to KINTO Share and renewed its fleet with the new Yaris Hybrid, with particularly low consumption and emissions (up to 35.7 km/l and starting from 64 g/km of CO₂) by helping to make the KINTO Share service increasingly environmentally friendly.

Since its introduction the service has achieved successful results and continues to grow, reaching over 6,000 registered customers and about 30,000 rentals. Moreover, thanks to Toyota's Full Hybrid Electric technology, around 35 tons of CO₂ have been saved, with a total of over 1,130,000 km travelled¹⁹.

KINTO Share is expanding strongly on the national territory, and in this the network of Toyota and Lexus dealers is increasingly protagonist. In fact, thanks to their commitment, a wider number of users can now benefit from the KINTO Share service in Italy, that is already active in Lombardy, Piedmont, Veneto, Emilia-Romagna and Sardinia with a "**station based**" formula, has 45 points of delivery and a fleet of about 145 cars²⁰.

KINTO Share is aimed at all those who need a car for a limited time, from a few minutes to a few weeks, and is also attracting a lot of interest from those who want to make long test drives before buying or renting a car.

The corporate world is also a natural market for KINTO Share with the **KINTO Share Corporate** service. The Fleet or Mobility Managers of companies using KINTO Share have the possibility to make the use of the company fleet more efficient, thanks to the sharing of a fleet among several employees.

In summer, the **KINTO Share Holiday** program has also been activated, giving the possibility to travellers on holidays to rent a car at Cagliari and Olbia airports. Thanks to KINTO Share HOLIDAY many users have experienced a 100% digital rental experience and discovered the driving pleasure and convenience of Toyota and Lexus Full Hybrid technology on vacation. A service that KINTO has decided to keep active even at the end of the summer season given the great success.



¹⁹ Cumulative data from the launch of the service in 2018 to 31 March 2022.

²⁰ Data as of 31 March 2022.



KINTO Join: Toyota's corporate *carpooling*

Among the eco-sustainable mobility services promoted by Toyota, the **company's carpooling KINTO Join**, tested by the company in December 2019 and subsequently launched on the Italian market in 2020, has become one of the main resources of the KINTO new mobility brand.

KINTO JOIN is the revolutionary carpooling solution dedicated to companies, which allows employees to share their commute comfortably, in just a few clicks. This operation is particularly simple: employees download the App, register with their company's community and, thanks to a matching algorithm, are connected with colleagues who have similar travel habits, to organize shared travel.

KINTO Join allows companies to actively contribute to CO₂ emissions and pollutants reduction, linked to the commutes to work of its employees, obtaining a **certification of the actual positive impact for the environment and for the community**. Thanks to the technology of the KINTO Join platform, companies can in fact constantly have the certified confirmation of travel sharing and obtain a quantification of the benefits produced in a simple and quick way. KINTO Join also **provides incentives for alternative ways of travel for employees**, such as cycling or walking, by monitoring the environmental impact 360°.

KINTO Join was also a fundamental mobility solution within the specifications of the Moving Home-Work Plan, which was drafted and communicated to the relevant bodies on 23 November 2021, in compliance with the regulatory obligations for the two companies in the group Toyota with the requirements to be covered by the obligation, namely: Toyota Motor Italia and Toyota Financial Services Italia. Both companies have a Mobility Manager who will take care of the home-work mobility of employees and of all those who transit through the office in Rome.

KINTO Go: the multimodal App



The needs of consumers, the starting point of the same concept of Mobility-as-a-Service, are increasingly oriented to tailor-made and on-demand mobility services that may require, and often involve, the integration of different means of transport. **KINTO Go** presents itself as an **App** able to cover, with a single account, the different aspects of a "multimodal" journey:

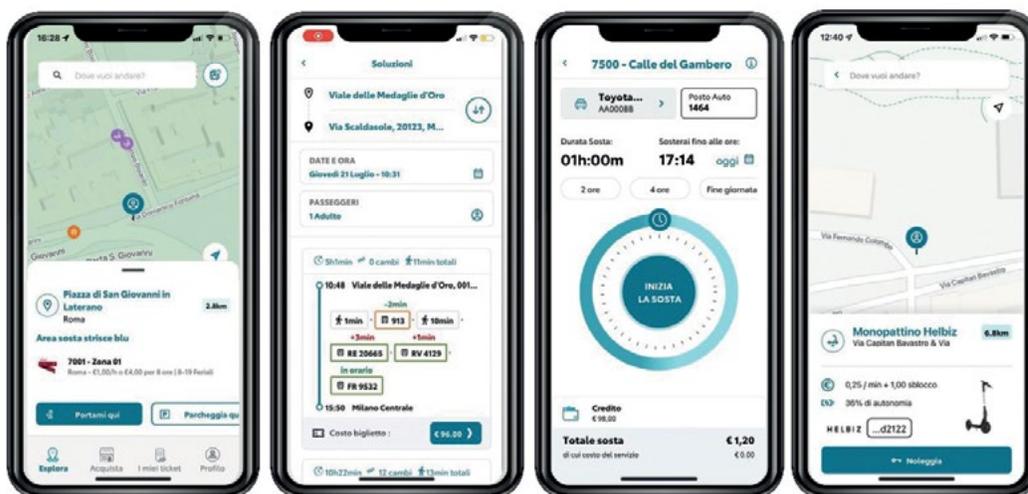


Figure 17

KINTO Go.

With KINTO Go you can plan your trip with just a few clicks, book and purchase tickets for public transport, trains, taxis, pay for parking on the blue lines and, soon, buy tickets for events. The App, developed in Italy, was released on stores on March 31, 2020 and reached about 170,000 downloads. Currently they are tightened agreements with beyond 500 mobility operators, offering services in more than 5.000 municipalities and covering 70% of the national territor²¹.



KINTO Flex: short-medium term rental service with flexible subscription

KINTO Flex is the innovative **short-term subscription service** of imminent introduction on the Italian market. KINTO Flex provides access to Toyota and Lexus electrified solutions with ease and flexibility duration from 1 to 12 months. The service, which includes an "all-inclusive" monthly fee, can be activated in a completely digital way, without paying any advance, and provides for the possibility of cancellation at any time. It is a true "**Pay-per-Use**", designed to respond to a growing market need. It can be the solution chosen by those who need a more spacious car for a few months a year, for a company that needs to temporarily expand its fleet, or for a young customer who cannot, or does not want, commit to the purchase or long-term rental of a car.

²¹ Data from 1 April 2020 to 31 March 2022.

KINTO Ride: Toyota's hailing ride service



KINTO Ride is a service that will be introduced on the Italian market in the coming years. With KINTO Ride Toyota will offer a **car service with driver**. The project is currently active in Paris, in collaboration with Hype and Air Liquide, and has a 100% hydrogen fleet.

KINTO aims to be the only partner on the market able to provide, thanks to the integration of its services, an offer of widespread mobility on the territory and tailored to the mobility needs of its users. In addition, KINTO promotes accessibility to low-impact solutions, expanding the audience of companies and individuals who can benefit from Toyota's leadership in the development of electrified solutions.

KINTO Italy, two years after its establishment, in March 2022 in front of an audience of accredited media, took stock of its journey on the Italian market that led to consolidating its integrated offer of mobility services, and has traced the future direction confirming the concrete will to become a provider of mobility solutions capable of generating benefits for individuals, companies and local communities in full respect and protection of the environment.



The Moving Home-Work Plan

Thanks to the mobility solutions of KINTO the two companies of the Toyota Group in Italy - TMI and TFSI - have complied with the new regulatory obligation, with the entry into force of Decree Law n.34 of 19 May 2020, the appointment of a Mobility Manager and the preparation of a Moving Work-Home Plan, carrying out joint work, this has allowed us to take advantage of the specific know-how on the automotive sector and mobility and to directly experience the advantages of the new KINTO mobility solutions.

The work that has been coordinated by the two figures identified in the HR area as suitable profiles for the role of Mobility Manager has led to the drafting of a plan starting from an analysis of the demand and supply mobility where one of the critical success factors has been the people involvement (direct or indirect employees but ensuring a continuous daily presence in the office). The mobility demand analysis has been structured through a survey that has been delivered to all the companies of the group, that share the same site in Italy, and that has found a very high response rate, it is a sign that the company's mobility is of great interest to employees. The initiative investigated current mobility habits and the propensity of employees to change these habits. The analysis of mobility provision required a study of Toyota's location in terms of accessibility, budget for mobility, and coverage of needs by near-public external mobility services (e.g. public transport, taxis, etc.).

By combining the results obtained and exploiting specific skills in mobility, it has been possible in this first plan to formulate several new mobility proposals that are the subject to implementation:

- for example, **reactivating the KINTO Join carpooling service** for moving from home to office. Carpooling was certainly the most appreciated proposal by employees among the mobility solutions that have been presented;
- an increasingly **better management of smart working** policies related to the restructuring project of all areas dedicated to the office and in any case to an increasingly careful and effective management of mobility between home and office;

- other significant initiatives such as **the reactivation of the company shuttle service** connecting the headquarters to the stop of public services and the implementation of a feasibility study for the introduction of a car sharing service with KINTO Share dedicated to this type of travel.

This further initiative confirms Toyota's commitment to combine the well-being of people with that of the community, society and the surrounding environment, representing a further concrete step towards two key objectives of the group in Italy, that is, the transformation from car company to mobility company and the achievement of carbon neutrality objectives.

6.2

INNOVATION AND TECHNOLOGY

Toyota and Lexus brands have always been characterized by an innovative spirit that has led them to revolutionize not only the automotive sector through cutting-edge technologies, but the entire corporate world, thanks to new cultural and organizational models. Innovation takes on different meanings. The evolution of its vehicles, the improvement of its processes, the cultivation of a new idea ready to open new paths are all aspects of the same attitude: **pursuing Kaizen and anticipating the future**. Toyota Group in Italy is a virtuous example, demonstrating it in three distinct areas: the growing importance of **connectivity** for its cars, **digital transformation** and the focus on **open innovation**.

Connectivity

With the introduction in 2018 of the first models equipped with DCM (Data Communication Module) module, technically ready for data exchange - connected car - Toyota Italia has anticipated its plans for product development, which provided for the gradual introduction of the DCM on all new models, coming to offer the market **a range "100% connected cars" since mid-2019**. This choice derives from desire to enhance the data coming from the cars - collected in full compliance with the GDPR and subject to customer or user approval - and build a series of services that can be offered to the customer. The fields of use of data are multiple and constantly developing. For example, driving data in EV mode is useful to enhance product performance, and to reward virtuous driving behavior (as in the case of the WeHybrid ecosystem), or offer interesting ideas for the regulation of mobility flows. Thanks to the efforts of the companies and the dealer network, Toyota and Lexus Italia have connected more than half of their cars, reaching 66% in April 2022.

Digitalization of processes

In response to the rapid evolution of the demand characteristics and related professional needs, in 2021 TMI continued the digitalization process divided into two macro-areas: the digitalization of internal processes, developed through the "**Digital Workplace**" project, and business relations with the dealer network.

The "Digital Workplace" represents the implementation of a project launched at continental level by TME, characterized by a strong component of Change Management- It aims to change some behaviors and introduce the use of completely new software and processes for the majority of employees, focused on Microsoft Teams as a virtual collaborative **workspace**. The technological component has naturally provided the infrastructure and tools necessary for the proper functioning of new organization. In particular, all employees were provided with all the technological tools necessary for carrying out their work activities. In view of the initiatives already launched, Toyota is in a transition phase that is no longer "remote" emergency management. To achieve the "future of work" we need something else, which is why the "**Toyota New-Wow**" project is being realized.

Figure 18

Future of Work.



Figure 19

New workspaces at the Toyota headquarters in Rome.



This model focuses on the design and implementation of a holistic, integrated and innovative "new way of working" strategy that acts on all components of the organization. The new working methods are based on three intervention plans:

- **Re-architect work:** aims to ensure an efficient operating model in a volatile environment, leveraging effective technologies for process remotization and designing new management models (governance). Smart working policies and procedures are defined to support model speed and agility;

- **Unleash the workforce:** aims to bring out new models of sustainable leadership, which nurture a collaborative organizational culture to guide people into "New Normal", and which are based on accelerated re-skilling and up-skilling processes;

- **Adapt the workplace:** aims to overcome the boundaries of physical work by considering the workplace as a single space that goes from office to home. It consists therefore in rethinking the spaces for a new employee experience of all people (office, warehouse and workshop).

This design phase aims to complete the transition period and lead the Toyota network towards the future of work.

In addition, the Group companies have anticipated and reacted promptly to the new working conditions by providing, for example, devices to all employees, such as laptop and company mobile phones.

Moreover, in 2022, Toyota restructured its offices to create 'the office of the future', in line with the design features of the New Way of working, whose realization has been accelerated by the needs linked to the extraordinary context dictated by the pandemic. This complete renovation of the building consists in the creation of open spaces and co-working spaces where workstations are not assigned, in order to promote collaboration and the know-how exchange.



Open innovation

The need to encourage innovation in all its forms is the basis of Toyota's project to create a Toyota Innovation Hub capable of stimulating innovation through the involvement of internal and external resources. **Open Innovation** at Toyota is based on the development of a network of relationships with universities, student communities, research centers, technology partners and startups, but also on feeding a fertile ecosystem to collaboration and development of ideas through workshops, contest and events that promote the transmission of skills and the knowledge exchange.

Since December 2019, KINTO Italia has chosen to support, contributing to the development of a Proof of Concept and allowing to test the product on the market, the project called **WiseAir**, in which it has recognized the "green" purposes and the innovative spirit characteristic of the brand. The product that led KINTO Italy to choose WiseAir in this initiative was **Arianna**, the IoT vase designed to accommodate a sensor that can detect air quality. KINTO Italia, from this collaboration, has created a new project called "**Toyota Cares About Air Quality**" with the aim of carrying out a more accurate air quality monitoring through the installation of Arianna vase at 35 dealers of Toyota and Lexus network throughout the territory.

The installation project of these monitoring tools started in September 2021 and is being completed. Through this project Toyota will make an important contribution to local communities, from one hand by concretely measuring the impact of mobility on the health of all, on the other hand by promoting sustainable and environmentally and health-friendly mobility solutions, with the aim of ensuring a better future both for our cities and for all citizens.

Another interesting initiative that involves the organization of Open Innovation of Toyota Group companies is the creation of a **Student Community** increasingly aware, from one hand, of the new trends that are developing in the world of mobility and, on the other hand, of the commitment of the Toyota Group to meet challenges projected towards a more innovative, inclusive and sustainable future of mobility. In the last fiscal year, the companies of the Toyota Group in Italy collaborated with the most important Italian business schools and universities (e.g. SDA Bocconi, La Sapienza University, Politecnico di Milano, LUISS Business School, etc.) involving more than 170 university students in both master's and postgraduate courses for a total of: 10 Lessons and 2 conferences dedicated to sustainable mobility and the commitment that the Toyota Group is dedicating to ensure a better future. To make everything more engaging, Toyota, through the company KINTO, has also organized 7 **mobility contests** where young people had the opportunity to compete with the implementation of projects related to the mobility of the future. The projects were then rewarded by KINTO with free vouchers in mobility services and with the opportunity, reserved for the winning groups, to present their idea to the Management of the companies of the group.

Among the ambitious initiatives of the Toyota Group through KINTO Italia, we note the birth of the **Sustainable Mobility Master**, which began in November 2021. The Course is a second level master's degree (recognized by the MIUR) entirely dedicated to sustainable mobility, designed for managers and professionals, born from the vision of KINTO Italia in partnership with LUISS Business School. The goal is to support the transition to sustainable mobility of our country through a high-level training plan aimed at providing participants with the knowledge and operational tools to cover emerging professions and new careers in the field of mobility design and management as well as the specific role of "Mobility Manager". The specialization course, officially started on Friday, February 11, 2022, is part of the new edition of the II level University Executive Master in Circular Economy Management, which was presented on November 5, 2021 in the beautiful setting of Villa Blanc, in Rome, at the headquarters of Luiss Business School. with the interventions of Prof. Fabio Orecchini, teacher of the Master, Prof. Matteo

Caroli, Associate Dean for Internationalization of Luiss Business School and Mauro Caruccio, CEO Toyota Financial Services Italy, Chairman & CEO of KINTO Italia. The specialization course in Sustainable Mobility is aimed at managers and professionals and is organized according to the part-time formula (weekend formula) and has a total duration of 12 months with the alternation of meetings, innovative seminars, workshops and educational activities. At the end of the training course, a project work with KINTO Italia and the release of a II level Master's degree recognized by the Ministry of University and Research (MIUR) will be issued.

KINTO Italia has started to make its know-how available to Luiss Business School: within the training course are provided in fact the managers testimonies of KINTO Italy and the Toyota Group, with the aim of transferring the company's experience in the field of mobility in a profound change phase.



6.3

SUPPORT TO THE COMMUNITY

The relationship with the territory and local communities plays a central role in Toyota's culture and strategy. As formalized in the Guiding Principles of the brand, Toyota "contributes, through its activities, to the economic and social development of the communities in which it operates". Toyota's commitment to the community has also been included among the Pillars of the new Beyond Zero Vision, as an expression of willingness to contribute to a better society. In Italy, an important element of this path is represented by the collaboration with local and national institutions aimed at strengthening awareness of the advantages of electrified technologies for sustainable and inclusive mobility.

Toyota and collaboration with institutions in support of the local community

- **Inspiring Girls:** from March 2022 Toyota Motor Italia participates in the international project Inspiring Girls, promoted in Italy by Valore D, an association that since 2009 has been committed to gender balance and an inclusive culture in organizations and in the country, to which Toyota has been associated since 2019. A collaboration in line with Toyota's Beyond Zero vision, which aims to build an inclusive, prosperous society where no one is left behind. The aim of the project is to create in young people the awareness of their talent, freeing them from gender stereotypes that hinder their ambition, and thus build a concrete bridge between school and the world of work. The ten Toyota testimonials participating in this initiative met during the year the students of some schools in North, Center and South of Italy (Naples, Rome, Bari and Milan).
- **Special Olympics:** in 2020, as part of a global and European agreement, the partnership between Toyota Group companies in Italy and Special Olympics Italy was launched, with the aim of promoting the social inclusion of people with intellectual disabilities through sport, and according to which Toyota supports the realization of the sporting events promoted by the Organization, through the activity of volunteers and providing the cars as Mobility Partner on the occasion of the National Games.
- **BNKR Toyota Wheel Park:** Inaugurated in 2018 by Toyota, the BNKR Toyota Wheel Park is the first skatepark in Italy structured to accommodate every sport on wheels and dedicated to athletes, or simple enthusiasts, with reduced mobility. The BNKR Toyota Wheel Park is a European project that is part of the global mission of Toyota to ensure the best freedom of movement for all, in accordance with the values of the sport and the partnership with the Committees of the Olympic and Paralympic Games.
- **WEmbrace Sport:** WEmbrace Sport is the charity event that took place on October 25 at the Allianz Cloud in Milan, organized by Bebe Vio and art4sport, with the aim of promoting integrated sport and demonstrating that paralympic sport is in all respects comparable to the olympic one, both from the spectacularity viewpoint, and from the emotional and competitive one. As Mobility Partner of the initiative, Toyota has made available to the event 2 Toyota Proace and 4 Toyota Rav4, used for transporting athletes and VIPs.
- **Lexus and We World Onlus:** Lexus supports women's empowerment against all violence and discrimination and the fight against early school leaving, together with We World, an organization that for over 50 years has been committed to the respect and recognition of the fundamental rights, in particular, of women and children. Lexus and We World collaborated in Poltu Quatu, Sardinia, where a fundraiser was organized on the occasion of the finals of Lexus Padel Vip tour, during which famous faces of the show and sports champions were protagonists. The jerseys worn by these famous characters and the children's drawings of We World were auctioned and the proceeds donated as support to the project "Women's Space" against violence on women.
- **Theodora:** since 2022 KINTO has chosen to be alongside the Theodora Foundation, a non-profit organization that since 1995 has been bringing moments of play, listening and smiling to hospitalized children and their families. A partnership that stems from the sharing of common values and the importance of the centrality of the person and his needs. Through this partnership, KINTO wants to underline its active role in generating benefits at every level and contribute to evolving towards a new model of society, where everyone – individuals, companies, local communities – can make their contribution to increasing collective well-being.

During the **emergency period from Covid-19**, Toyota Italia Group, together with its commercial partners (dealers) on the territory, supported the Italian Red Cross through the provision of a **fleet of about 100 vehicles** for some home care activities and for the delivery of medicines and basic necessities.

This collaboration was renewed in 2022 to meet the need for assistance caused by the **conflict in Ukraine**. On that occasion, Toyota at European level **supported humanitarian** efforts by providing direct humanitarian assistance to Ukrainian employees, their families and Ukrainian refugees, as well as through corporate donations of up to **2,5 million euros**, to which Toyota Group companies in Italy and their employees and dealers also contributed. In fact, the Toyota Humanitarian Aid Fund has been established, to which all Toyota Europe employees can make donations, which will be added to those of the company.

Toyota Italia's commitment to local communities does not stop at the vehicles supply and the institutional world. In fact, sport has always played an important role in the brand's culture. In line with the global initiative launched in 2017 '**Start Your Impossible**', Toyota, aiming to give everyone maximum freedom of movement, embraces and supports the values of sport, who find their *raison d'être* in facing new challenges and overcoming their limits. In addition to the long-standing partnership with the Italian National Olympic Committee (CONI) and the Italian Paralympic Committee (CIP), the Toyota cars equipped with the latest Full Hybrid Electric technology were the official cars of the **Giro d'Italia** from 2019 to 2022. For the 105th edition of 2022, the new Toyota bZ4X will debut, the first model of the new Beyond Zero family of zero-emission battery electric vehicles, which will accompany athletes in the stages of the tour. At last year's lap, the fleet of RAV4 Hybrid and Corolla Touring Sports Hybrid used in the various stages and the presence of Mirai at the final stage helped to reduce emissions of pollutants during the race, traveling in ZEV mode for over 50% of the time.

Among the other sporting events sponsored by TMI, the **Giro E**, non-competitive race characterized by the use of e-bikes, and the DeeJay Ten, non-competitive races organized by radio DeeJay that for years bring together runners of all categories and different Italian cities, were further demonstrations of Toyota's commitment in this area. Finally, it should be noted that also this year Toyota was the official car of the **Milano Marathon**, a collaboration in line with Toyota's vision and which confirms the Group's commitment to ensuring the widest possible freedom of movement and contributing to the improvement of society and people's living conditions, in harmony with the environment.



Figure 20

Toyota for Special Olympics.

During the Brit dealership award trip in September 2021 in Puglia, TMI purchased 213 Ulivi for Coldiretti with the aim of reintegrating the environmental flora strongly threatened by Xylella (bacterial pathogen of plants).

6.4

THE ENGAGEMENT OF DEALERS

Toyota's impact on the territory does not stop at the initiatives promoted by the company but is powered by the constant commitment that the dealers of the Toyota and Lexus network apply locally. This commitment is evidenced primarily by the quality of environmental management systems, certified ISO 14001:2015 for 98% of Toyota and Lexus dealerships. But the contribution of the network also extends to active participation in the territory protection through the promotion of dedicated initiatives and projects, concerning the use of renewable energy, environmental compensation projects and support for local environmental events. Dealers are also playing an increasingly important role in promoting sustainable mobility, contributing to the development of a widespread network of charging infrastructures for electric or electrified vehicles and encouraging the spread of low-impact cars such as PHEV and BEV. In addition to numerous initiatives to protect the environment, in support of people with disabilities and in the field of sport, the relationship between the dealers and the local communities is divided into a series of projects ranging from support to hospital departments for the renovation of premises or the provision of medical equipment, donations to non-profit associations and organizations to support the less well-off or other disadvantaged groups, through support for education, at local and international level. The link with the territory is a fundamental element for the brand success and it is a concept fully assimilated and put in practice by dealers, often protagonists, through sponsorships and collaborations, of major and local events. It is through these initiatives that the Toyota and Lexus network shares with the society the value that it helps to generate, reinforcing the sense of community of which the brand and its network are an integral part.





Mobility that places people at the center

— CHAPTER 7



7.1

CUSTOMER EXPERIENCE

With Customer First and Quality First concepts, the brand and its affiliates business development strategy is focused on the centrality and full satisfaction of the people who choose Toyota and Lexus for their mobility solutions. As mentioned above, this objective is one of the cornerstones of the Beyond Zero Vision, which aims to take care of every aspect of the Toyota and Lexus customer experience to “**earn the customer’s smile**”, a goal expressed in the Toyota Global Vision.

In this sense, the relationship with customers is fundamental to Toyota Italy and the dealer network is the main touch point with the consumer, a strategic element useful to transmit its values, learn the customer’s point of view, and prompting a constant improvement of its services. Toyota Italy’s attention to its customers is the result of a holistic involvement that is based on three main pillars: an extreme attention to customer experience, a consolidated product communication strategy based on quality, reliability and respect for the environment, and a strong involvement of the dealer and service network that is summarized in the concept of **Best Retailer in Town** (BRIT), i.e. becoming the best dealer in the local community.

Today, particular attention is paid to the continuous improvement of the network’s capacity to offer a high-quality service through the rigorous implementation of Toyota standard processes, which are adapted to the local level. In order to promote this approach, Toyota Italy has decided to question the organizational model of the dealers, through the development and release on

TOM project

Each role in the dealership has been revised by providing for each of them a punctual job description and a dedicated training plan with relative skills certification, structured and delivered by the Toyota Academy. An additional 9 dealers were involved in FY 22, totaling 45.

Toshiko updates and TSM certification

In the same FY, a plan was also implemented to modernize the processes and tools to support the dealerships. In December, the after-sales module of the Toshiko platform was released, which provided for the process review at each service point. Specific training courses and tutoring activities have been provided at each service point, allowing the acquisition, for 85% of the network, of the Toyota Service Management (TSM) certification, that is the certification that the processes are in line with the after-sales standards. This result is still the best ever recorded by Toyota Italia.

the network of the **TOM**-Target Organizational Model project, through which the company supports the dealers in reviewing their organization, in order to make it more dynamic and able to respond to a changing market toward new mobility services and increasingly digital interaction channels. Another important aspect linked to the release of **Toshiko**, the platform that allows Toyota and Lexus dealers to manage all sales and after sales processes, is the customer data centralization. This allows to have all the information on customers and events involving Toyota and Lexus vehicles in real time, useful to improve the customer experience with an increasingly personalized individual communication, allowing to model the mobility offer on the customers needs.

With the aim to support this process of personalizing communication, in FY 22 the development of an omni-channel communication system continued, using a marketing automation platform. All customers receive communications regarding new products, services and accessories consistent with the age and history of their vehicle and their behavior on the company's digital and physical contact channels. In order to improve this function, in FY 21 the migration to a European ecosystem took place, with a consequent increase in the potential of the Toshiko and Marketing Automation platforms, such as the online reservation service integration and the innovative **Service Remind System 2.0**, the automatic reminder system to schedule the service in the workshop for service and maintenance on the car, aimed at improving customer experience.

As far as Lexus is concerned, the constant application of the principles and values of the brand is ensured through "mystery shopping" and "mystery call" activities, essential tools for monitoring the experience of a hypothetical "mystery shopper" during the moments of contact with Lexus dealers. Starting from 2022, this type of mystery, defined as physical, is flanked by the remote one (leads) that manifests itself through digital channels, such as telephone, e-mail and video call. Therefore, all these instruments allow the monitoring of the dealers' omni channel and the attribution of a score based on the star rating scheme between 0 and 5 stars. The star result, not only rewards dealers in economic terms, but also rewards the most virtuous behaviors through the "**Kiwami Awards**", recognition given to the top 10 European dealers on the basis of respect for the brand's core values and for which it reached its sixth edition in

2022. Currently, 93% of the Lexus network achieved a result of at least 4 stars (+6pp vs FY 21) and 45% of locations that have been awarded the excellence, i.e. 5 stars in the Lexus experience 2.0 (including mystery leads).

Toyota Financial Services provides end-users with financing and purchasing solutions characterized by maximum flexibility and customization, made possible also by the optimization of existing services, as in the case of the **Toyota Easy** family products which, in addition to guaranteeing the minimum value of repurchase for the whole duration of the plan, allows to choose the amount of each installment, to cancel a payment and to reduce or extend the financing duration, by favoring the full autonomy of management and adaptation to the physiological unforeseen events of the current historical moment. Moreover, the moratoriums management was important, a physiological consequence of the pandemic situation both for the end customers and for the dealer network, for which TFSI continued its activity in support of the customers. Although the time limit laid down by the rules was 31 December 2021, TFSI has always accepted requests for the postponement of installments in cases where there is temporary economic difficulty. Furthermore, TFSI introduced a structured request process for debt renegotiation or restructuring, allowing customers to request it directly from the customer portal or through the network of recovery agencies. Support that was also felt during the period of delays in the production and delivery of new vehicles, during which TFSI postponed the final installment payment in order not to create further inconvenience to the customer.

The attention to the customer is also expressed in offering timely and quality assistance. TFSI has certified the efficiency and quality of its contact centers according to the international standard ISO 18295, which goes in addition to the ISO 9001 certification for the quality of all business processes.

TFSI's customer service is monitored by sending a satisfaction questionnaire after each intervention. The response rate recorded in FY 22 was approximately 50% (+8 pp compared to FY 21) with a **Customer Satisfaction Index** of 92% (+9 pp compared to FY 21). In FY 22, the constant commitment and attention of TMI and the dealer network on the Sales and Service **Net Promoter System**²² indices, both for Toyota and for Lexus, led to the achievement of 2 targets out of the 4 fixed (Toyota Sales and Lexus Service

²² System introduced in 2014 to measure the customer perception in relation to the experience lived with the brand in two key moments: the new car delivery (NPS Sales) and the car repair/maintenance (NPS Service).

with target achieved, while Lexus Sales and Toyota assistance not achieved), recording a general increase in score compared to the previous year. This increase is due to an improvement in external factors (normalization of markets - easing of pandemic-related restrictions - no lockdown) and internal factors linked to the efforts made by TMI to activate a tutorship system for dealers, aimed at improving the underperforming dealers processes. In particular, the NPS assistance rose by 3.8 pp for Lexus (82.1 in FY 22 compared to 78.3 in FY 21) and 0.7 pp for Toyota (81.2 in FY 22 compared to 80.5 in FY 21), while for the Sale the NPS for Toyota rose by 5.9 pp. (80,7 of FY 22 compared to 74,8 of FY 21), while Lexus recorded a drop of 1.2 from 82.2 of FY 21 to 81 of FY 22.

TIS and **AND-E** have also structured a contact center aimed at anticipating and satisfying the customers needs, both in the field of claims and in terms of contractual management. Currently, branches are also working to identify appropriate performance-monitoring indicators to structure an effective monitoring system.

With "One Toyota" in mind, the customer experience targets the end-customer satisfaction.

In the perspective of increasingly integrated services, Toyota companies are in fact working on the development of a single contact center for the customer to manage the customer with a unique perspective on the main demands of the companies group, from financial management to insurance management, from mobility to product.

WeHybrid

Sustainability is an integral part of Toyota, of its products and services, and how they are manufactured and marketed. To this end, **WeHybrid** represents a real "ecosystem" complete with technologies and services, cross company within the Toyota Group in Italy, which aims to promote a sustainable mobility with zero emissions, where the protagonist is the car user: **the more the customer drives in zero-emission mode, the greater the benefits he can access.** Customers can join



the “WeHybrid” community by activating the connected services of their car and accepting the terms and conditions included in the dedicated section of the **MyT App**. WeHybrid app makes the customer experience digital and, above all, easy: it is easy to track your results as well as access your benefits (vouchers can be downloaded directly into apps).

WeHybrid was launched with the introduction of Yaris in 2020 with 3 pillars (insurance, service and challenge), then expanded with Yaris Cross (credit and school) and is now available on Yaris Hybrid, Yaris Cross, Toyota C-HR, RAV4 and Corolla.

- **WeHybrid Insurance:** a complete and free RC insurance for the kilometers driven in zero emission mode. As a matter of fact, the cost per kilometer, with a value of 4 cents, applies only to the mileage driven with the combustion engine running. This insurance represents a real commitment to the environment, allowing considerable economic savings over the year for all customers who will choose sustainable mobility solutions, committing themselves to changing their driving habits in accordance with the efficient use of their vehicle. It should be noted that since the launch of these services in September 2020 until 31 March 2022, 15.281 customers have joined, covering about 111.5 million km 46% of which in zero-emission mode, with 51.29 million km free for insurance purposes. Currently, 9 out of 10 WeHybrid Insurance customers have chosen to combine Collision insurance with RC insurance, which provides for reimbursement of damage even in the event of an accidental collision with another vehicle. The RC and Collision insurance combination provides a cost per kilometer of 6 cents, applied only if the combustion engine is running.
- **WeHybrid Service:** a maintenance service thanks to which the increase in kilometers driven in zero-emission mode reduces the cost of the service. Driving in zero emission mode reduces wear and tear on many vehicle’s components, thus reducing maintenance costs. The service also offers access to a discount system for which the higher the percentage of average distance driven in zero-emission mode, the higher the percentage of maintenance discount.

- **WeHybrid Challenge:** a real prize operation dedicated to the first customers who choose to book a new model online (Yaris 2020, Yaris Cross 2021 and Corolla Cross 2022). By optimizing the drive in zero emissions mode, customers can accumulate Toyota Green Credits, convertible into digital vouchers to be used through the KINTO GO App for the mobility services offered by the platform, such as metro tickets, buses, taxis, parking and events.
- **WeHybrid Credit:** Starting from FY 22, “WeHybrid Credit” will be active for all Toyota Easy customers who are members of the WeHybrid program. The customer gets Green Credits when he reaches predefined thresholds (usually from 500km) based on the zero-emission mileage. The accumulated credits can be converted into vouchers for the KINTO GO app, the application that allows the customer to pay tickets for public transport, taxi service, parking and micro-mobility. Alternatively, if the customer keeps the credits and uses them at the end of the financing, these become a discount on the final maxi-rate in case of renewal.
- **WeHybrid School:** a moment of contact with customers to discover the program's potential and how to get the most out of both their Toyota Full Hybrid and the WeHybrid program in terms of fuel and emissions. Lots of benefits to be exploited in service, insurance or in the virtual portfolio, offering customers an ecosystem of advantages. Benefits that customer can discover both through the tutorials that will be available in the WeHybrid app and in the WeHybrid School lessons that will be available again in September 2022.
- **WeHybrid Race:** WeHybrid is a customer-centric ecosystem, with the aim of transforming the customer into the main spokesperson, a true ambassador of the Brand and of the Full Hybrid technology. For this reason, thanks to the WeHybrid Race, real challenges that will test customers and that will be launched in the coming months, the Brand wants to strengthen its community and the sense of belonging to the Toyota world.

7.2 TOYOTA'S COMMUNICATION CHANNELS

Toyota believes that communication is an essential element of the customer engagement and the loyalty process. Several aspects are considered in the structuring of an effective communication that manages to convey not only the features of the brand's mobility offer but also its values. Among these, there are three main levers of Toyota's communication strategy: Sustainability, Challenge and Emotion.



Figure 21

The main values communicated by TMI.

1. Toyota's sustainable strategy today is summed up in the concept of going beyond, "**Beyond Zero**," and is divided into four main action areas:
 - **The confirmation of leadership in electrification:** thanks to more than 20 million electrified vehicles introduced on the roads around the world in the last 25 years. The leadership is based on a multi-technological approach to electrification, which sees the diversification of technological solutions as the most efficient path toward carbon neutrality and, for this reason, considers all the electrified solutions with very low or zero environmental impact currently available (HEV – Hybrid Electric vehicle, PHEV – Plug-in Hybrid Electric vehicle, BEV – Battery Electric vehicle, FCEV – Fuel Cell Electric vehicle). Each of the electrified technologies will contribute to the transition to a more sustainable future, responding to different mobility needs depending on their characteristics.
 - **A memorable Customer experience:** with the ambition to exceed the Customer expectations with durable, safe, reliable products, making every opportunity to meet them precious, ensuring maximum safety and an extraordinary experience of ownership or use, providing all customers with tangible benefits.

- **Take care of Mobility for All**, creating an ecosystem in which everyone, regardless of age and skill level, will have the right tool to move freely and responsibly, in the right place, at the right time. **KINTO** is Toyota's mobility services platform set to grow in the spirit of Start Your Impossible: if everyone can move, nothing is impossible. An integral part of this strategy is the proximity to the world of sport, disability, training, and the territory where to act with activities of inclusion, involvement and enhancement of diversity.
 - **Contribute to building a better society**, sustainable and inclusive, that can grow and thrive in harmony with the environment, to leave no one behind. Toyota is building in Japan, at the foot of Mount Fuji, **Woven City**²³, which will be a living laboratory where to experience the true value of an ecosystem based on new technologies for the creation of a better society.
2. **Start Your Impossible** concept is based on the value of “*challenge*”, developing along two paths:
 - The **challenge** theme, that is **overcoming the limits**, and an **advanced** and **accessible mobility** vision for all, overcoming every barrier, that finds full representation in the partnership with the Olympic and Paralympic Committees and the events promoted by them.
 3. The value of emotion finds its own maximum expression in the **Toyota Gazoo Racing** as the third communication lever, and is built upon a main pillar:
 - Toyota Gazoo Racing is the brand used by Toyota in the field of motorsports, in which it has been competing for over 60 years. The Gazoo Racing platform is used to communicate world and local events and to demonstrate Toyota's credibility in combining technological innovation and reliability with more passionate aspects typical of the sports world. Following the spirit of Toyota's commitment to motor sports, the concept behind communication in this area is “**Push limits for better**” – the valuable role of competitions as a test of technology, reliability, and continuous improvement. Moreover, from July 2021, the new GR Yaris is the protagonist of the first single-brand championship of Toyota Gazoo Racing Italy, the **GR Yaris Rally Cup**, presented in Olbia at the Rally Italia Sardegna.

²³ For further information: <https://www.woven-city.global>.

7.3

QUALITY AND SAFETY OF PRODUCTS AND SERVICES

Although quality is a cross-cutting concept for Toyota's entire business, the spirit of constant verification and continuous improvement is particularly relevant to the brand's products in order to achieve two important goals of its Vision: **ensuring quality and ensuring safe and responsible mobility.**

The excellent safety tools that equip Toyota and Lexus vehicles, and which have repeatedly ensured the brand's models the **5-star Euro NCAP**²⁴, the highest recognition in the field of safety in the automotive industry, are just one of the aspects that contribute to ensuring effective quality and safety. Toyota ensures that local subsidiaries play a decisive role in this regard in the intermediate life of the product. Through its Technical Services Department, Toyota Motor Italia constantly monitors and checks faults reported by the customers or the network, analyzes the nature of these faults and determines whether this is a fault with a potential safety impact, related to elements no longer compliant with the current homologation legislation or related to aspects not directly impacting vehicle's safety but with a significant impact on its performance. These analyzes are then formalized in a report that is sent directly to the Head Quarter for the evaluation. Based on both quantitative and qualitative data, TMC can therefore launch a so-called **recall campaign**, including all vehicles affected by the defect, working promptly to resolve it and thus preventing any consequences. These campaigns are a peculiarity of the brand's great attention to the quality and safety of its products. The reporting process described does not necessarily end with a recall. However, the continuous feedback provided by the subsidiaries allows TMC to include in subsequent productions and designs improvements aimed at progressively increasing the quality and safety of its products, in a Kaizen perspective. And it is also thanks to the capillarity of these analyzes that for the FY 22 TMI has confirmed the absence of noncompliance cases with the current legislation on vehicle safety which have led to fines, penalties, or notices by the competent authorities.

²⁴ A 5-star rating means "excellent overall impact protection and a well-equipped vehicle with comprehensive and robust collision technology" (Source: <https://www.euroncap.com/it/info-su-euro-ncap/come-leggere-le-stelle/>).

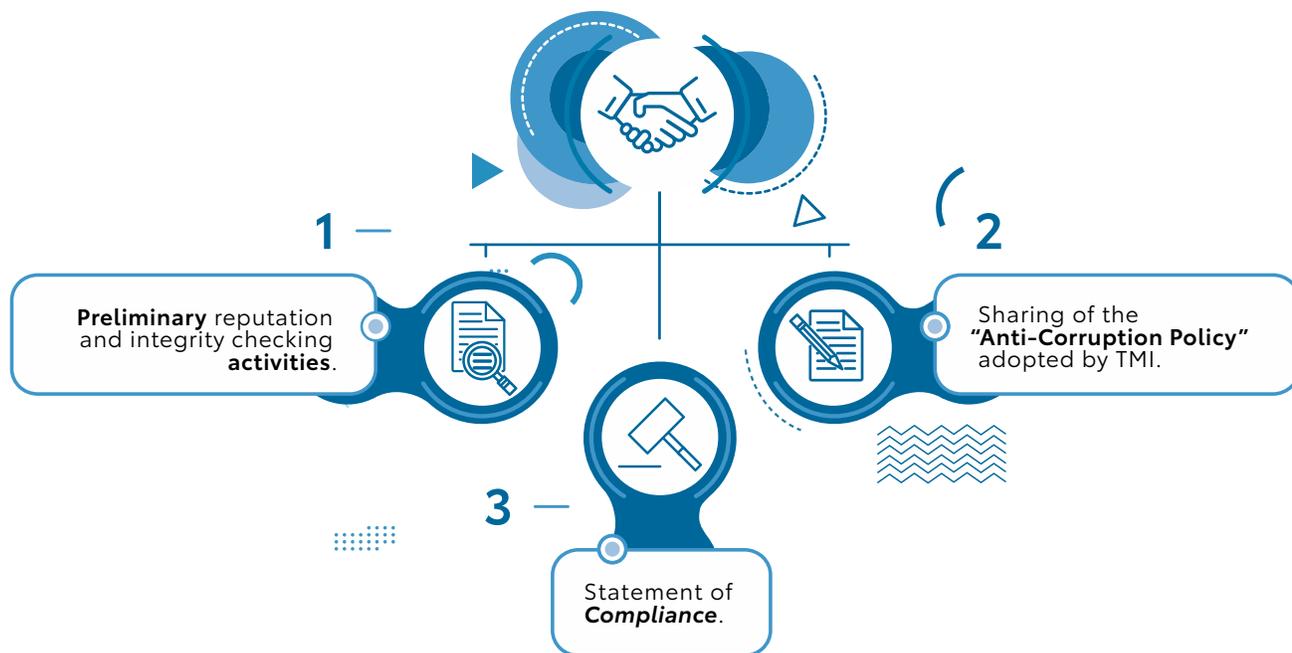
OUR VALUE CHAIN

Our value chain - Suppliers

Procurement is an important aspect of the business of Toyota companies in Italy, as it has a high impact on the economic sustainability of the organization and its value chain. Procurement turns out to be an important aspect of the business of Toyota Italy companies, as it has a high impact on the economic sustainability of the organization and its value chain. which also allow to evaluate the commitment of the business partners with regard to sustainability issues and the company's values both during the selection and the execution of the commercial relationship. To this end, each company has provided a set of criteria - including overall competitiveness, determined by technological capacity, prices, delivery reliability, quality, economic and financial stability - and monitoring tools, see Figure 22, which also allow to evaluate the commitment of the business partners with regard to sustainability issues and the company's values both during the selection and the execution of the commercial relationship. This is particularly relevant in the selection and conduct of relations with suppliers when it comes to conflicts of interest and corruption. As confirmed by the various Codes adopted, Toyota Italy companies pledge to extend, through special contractual clauses, the commitment against active and passive corruption also to commercial partners through a threefold effort:

Figure 22

Suppliers preliminary control procedure adopted by Toyota Italy for anticorruption.



Specifically with reference to TMI, suppliers are also required to confirm, during contractual subscription, to operate in conformity with the law and, in many relations, with environmental legislation, operating with honesty, avoiding conflicts of interest, complying with the Code for the Protection of Personal Data (D. Lgs. No. 196/2003) and ensuring the integrity of staff and a healthy working environment. In addition, Toyota companies in Italy are committed to actively **promoting local supply and production**, to contribute to the economic development of the country and the community in which it operates. With regard to socio-environmental aspects specifically, through the consultation of the databases Accredia TMI maps its business partners based on their commitment and their compliance for quality, environment and safety at work, verifying the presence of the relative certifications ISO 9001 (Quality), ISO 14001 (Environment) and OHSAS 18001 (Health and safety at work). The company also has a tool to monitor the sustainability of its supply chain, with reference to economic, environmental and social variables. Every year the company carries out an in-depth mapping of the so-called “strategic” suppliers, identifying the level of risk – in terms of security and strategic perspective for the companies’ business – of reliability, of the impact on the operational continuity and possible certifications in terms of quality, environment and safety at work.

The procedures of TFSI and KINTO Italia also provide that all agreements / relationships with suppliers are established only after a thorough control of their reputation and integrity has had a positive outcome, having obtained adequate evidence of their business conduct in compliance with applicable laws and regulations. All suppliers must comply with the guidelines set out by the Antitrust regulation and the Code of Ethics. In addition, each new entity subject to the qualification process of the KINTO Italia or TFSI register must be evaluated by the department that applies for its registration.

Based on the process described, Toyota companies in Italy assess the impact that a single supplier could have on business continuity, which is crucial to monitor the economic sustainability of supply chain.

Our value chain – Dealers

The dealer network plays a major role as it represents the local implementation of Toyota's business strategies and vision. In fact, it is the last link of the company's value chain, in direct contact with the customer. The importance of the network for local communities and the end customer finds its fulfillment in initiatives involving dealers and, above all, in the **BRiT** (Best Retailer in Town) project. The Best Retailer in Town is the dealer that best embodies Toyota's principles and values by spreading and broadcasting them locally. The Best Retailer in Town is the dealer who best embodies Toyota's principles and values by spreading and transmitting them locally.

The current dealer network, which operates under the 2018 Franchise Contract renewal and that expires in 2023, consists of 66 partners for Toyota, and 26 for Lexus, for a total of 191 Toyota (sales and service) and 36 Lexus dealer sites, operating throughout the country.

Therefore, dealers' performance is monitored and evaluated by Toyota, which has set up an award system for the most deserving dealers, called the **BRiT Award**. It is a monthly monitoring system for the main indicators relating to different business areas, with a focus on both results and process structuring. The indicators mainly consider the People area, the Customer Centricity area, the Toyota Way area, and Business Sustainability area. A BRiT Readiness Index is defined by the combination of these indicators. At the end of the program, the 18 dealers with the highest BRiT Index are rewarded by participating in an experiential trip with Toyota and Lexus Top Management. To monitor network satisfaction with the brand, reference has historically been made to the Dealer Stat survey carried out by the Quintegia company, which publishes the results annually. In the 2022 survey Toyota won the 2nd place in the overall ranking and 1st among the generalist brands. Particularly appreciated by Toyota dealers were: **the product strategy** - characterized for many years by the diversification of its electrified range - **the ability to retain its customers**

and **generate growing business in the long term** through the ecosystem of services offered (including connectivity and maintenance packages), the **competence and understanding of the business** by Sales Management and rental, financial and insurance services, categories in which Toyota was the first. In the sales and after-sales training category Toyota was first among the generalist brands.

Among the topics under investigation, support for environmental and social sustainability initiatives has been included for the first time since this year, in which Toyota placed 1st and was characterized by the support and stimulus provided to its network for sustainability initiatives and pathways. In the same category, Lexus, the premium brand of the Toyota Group, was second.

Green Retailer Program (GRP): a program that Toyota has launched to accompany the dealers on an environmental leadership path, in order to achieve specific ESG and environmental impact reduction objectives related to the activity of Best Mobility Partner by 2025.

The objectives identified are:

- **a 18% reduction in CO₂ emissions by the FY 25 for 80% of dealers;**
- **a 3% reduction in water consumption by the FY 25 for 80% of dealers.**

This project complements the robust Environmental Management System in accordance with the international standard ISO 14001:2015, started since 2003, common to all Toyota companies in Italy and that since 2008 has also been extended to authorized Toyota and Lexus dealers and service centers.

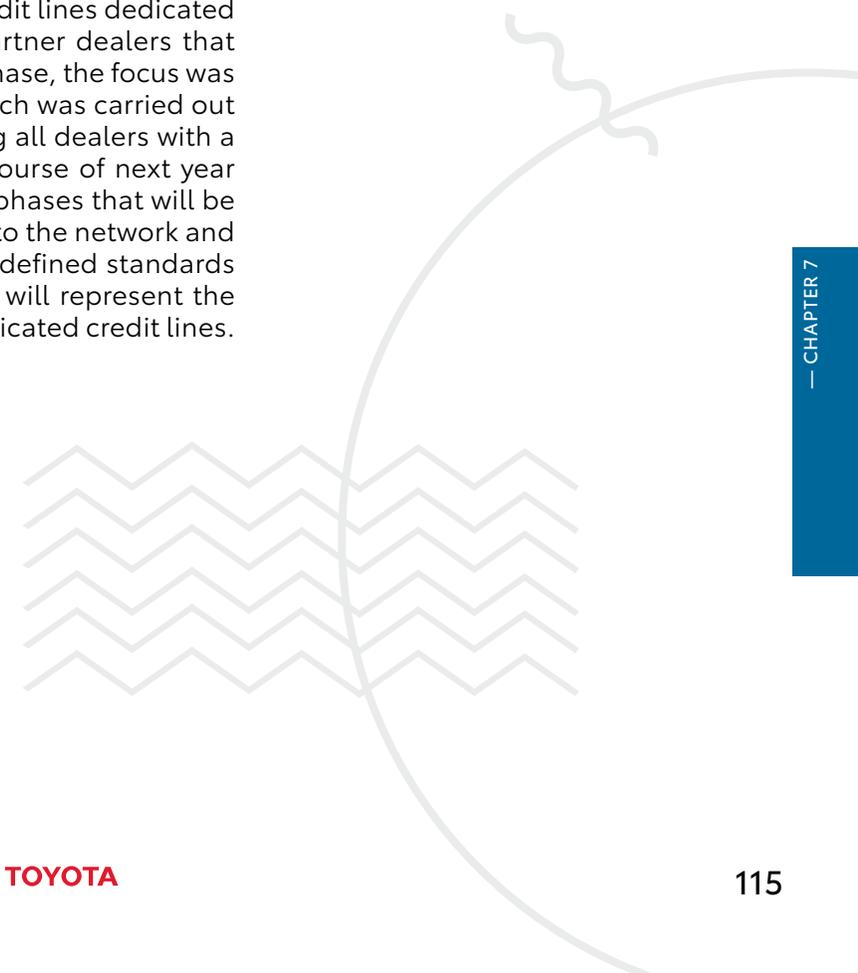
It will be developed in various stages, the first of which is the collection of general information through the NET portal regarding dealer structures, necessary to define the baseline on which to objectively measure the improvements that will be introduced over time.

NET Project

In January 2022, **NET** was launched, a network consumption reporting project with a focus on the use of water and energy resources. The NET Portal has replaced the applications dedicated to environmental issues used up to now through the DES Portal. One of the Portal objectives is to allow a timely and correct data collection related to energy consumption with consequent automatic calculation of the CO₂ produced. Just 6 months after launch, 80% of the network reported information about its consumption. The objective of this reporting initiative is precisely to monitor the environmental impact of the individual dealer and the network in general.

TFSI Sustainable Finance Project

During FY22, in accordance with the Green Retailer Program objectives outlined above, TFSI launched a **Sustainable Finance** project to support the investments of the dealers of the official Toyota and Lexus network in ESG projects and initiatives. The final objective of the project is to make credit lines dedicated to financing ESG projects available to partner dealers that meet sustainability standards. In the first phase, the focus was on a thorough data collection activity, which was carried out through the provision of a survey involving all dealers with a mandate from Toyota and Lexus. In the course of next year the project will enter the most significant phases that will be addressed in a specific activity of training to the network and a careful gap analysis with respect to the defined standards so as to structure the logic of rating that will represent the driver to identify the dealers worthy of dedicated credit lines.



Toyota's people: the engine of the future

— CHAPTER 8



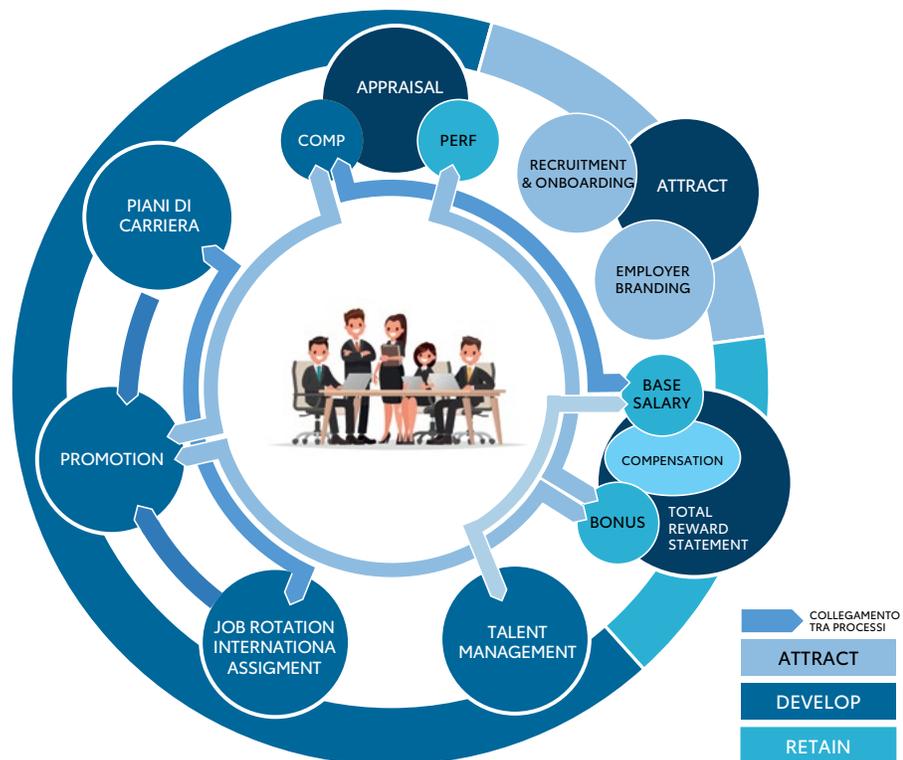
8.1

THE CHARACTERISTICS OF TOYOTA'S WORKFORCE

People represent for Toyota one of the fundamental pillars of business success. The Toyota Way values adopted by all the Group's companies at pan-European level are expressed in different behavioral parameters depending on the reference sector. TMI, consistent with TME's approach, has synthesized these values in the 5C (**Collaboration, Curiosity, Creativity, Coaching, Courage**) that are placed as references in the expected behaviors within the organization, in a phase of great transformation of the business model. TFSI and KINTO are working on specific behavioral references for the financial sector and new mobility solutions. In general, in the new Toyota Way, the broader concept of **Respect for People** remains central, which finds its realization in creating the best possible conditions to express the potential of each employee, enhancing the various talents present in the Company and promoting their inclusion. Therefore, Toyota companies are working on improving the employee experience. Among the most important initiatives, TMI has developed an Employee Experience that allows to foster the development of employees in terms of skills and increase their motivation through the development of the following 3 main pillars of the Employee Journey - **Attract, Develop, Retain**:

Figure 23

Employee Journey.



As part of the Employee Journey, Toyota is accelerating the path to digitize the touch points with the employees, to facilitate more and more continuous experience both remotely and in presence as well as to foster greater productivity and an increasingly Data-Driven HR management (recent examples are the use of digital platforms such as Yumi to support 360° feedback on the application of new Toyota Way values and 5C).

The current organizational model of Toyota companies is a **Customer Centric model**, aimed therefore at creating the best possible customer experience, which presents a **Lean Organization**, characterized by a streamlined structure oriented to the processes efficiency, with a maximum of four levels within the organization.

With reference to the data of the Group's companies on 31 March 2022, TMI has a company population of 211 employees, 100% permanent. Part-time employment accounts for 5.2% of employees, exclusively women. TFSI and KINTO have a company population of 133 employees, of whom over 95% are permanent employees. Finally, regarding TIS and AND-E, whose data refer to 31 December 2021, the company's population consists of 53 employees, in this case with over 92% permanent.

On 31 March 2022 for TMI, TFSI and KINTO and on 31 December 2021 for TIS and AND-E, 100% of employees are covered by collective bargaining.

8.2 TALENT ATTRACTION AND SELECTION

From April 2021 to March 2022 there was a slight increase in the number of hires compared to the previous year. TMI has in fact hired a total of 12 new employees and guaranteed training to 5 new resources in internships, while TFSI and KINTO recorded 11 hires. In the period between January and December 2021, TIS and AND-E hired 8 resources.

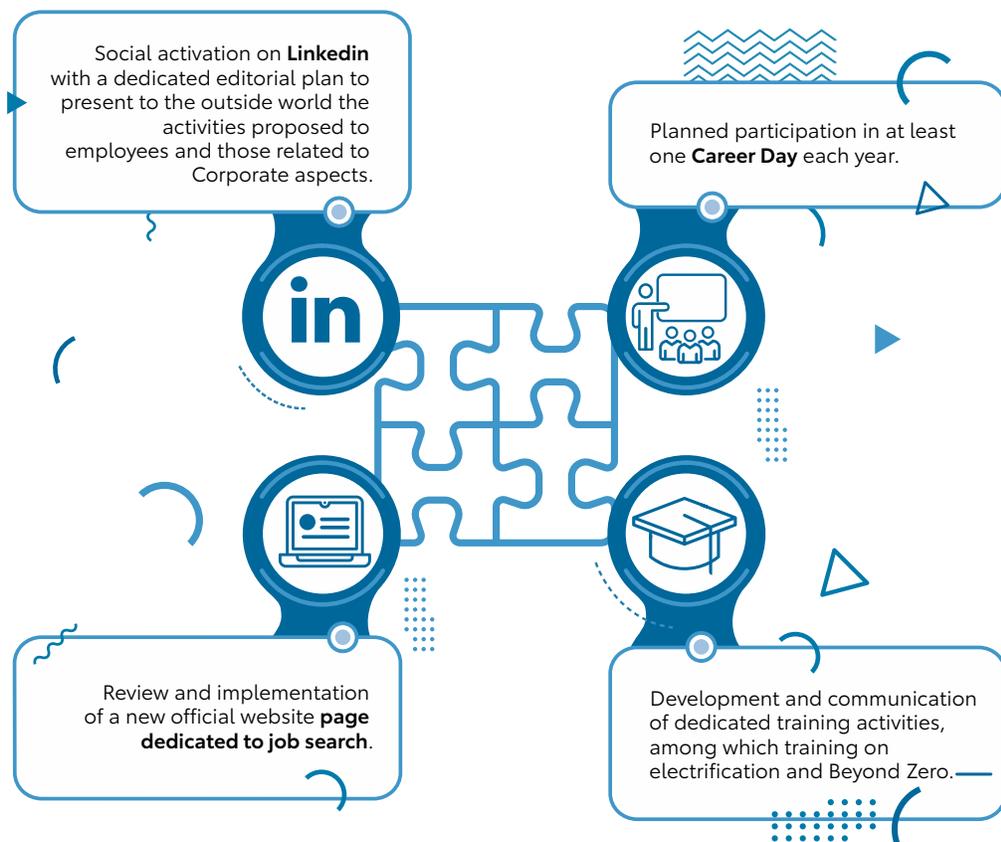
The new resources are selected through a rigorous process aimed at identifying potential women and men who have an appropriate profile and in line with the business values and the skills required by the vacant positions.

As far as outgoing turnover is concerned, very low values are also confirmed for FY 22, to witness an excellent ability of the company to retain its talents, element that mitigates the need to introduce new resources into the company.

Despite this, Toyota companies have taken several actions in recent years to improve the process of research and attracting talent in their organization, including participation in Career Day, interventions at university masters, activation of searches on LinkedIn and, not least, strategic support from specialized recruiting companies and headhunters has been expanded. Furthermore, with regard to TMI, the strategic attraction plan implemented in FY 22 includes 4 main activities:

Figure 24

TMI Employer Branding Plan activities.



In the last 3 years TFSI and KINTO, as part of the wider Open Innovation strategy, have established fruitful collaborations with 13 of the most important **Universities and Business Schools** recognized at national and international level.

In order to bring young talent closer to the world of sustainable mobility and new mobility promoted by Kinto, **over 500 students** from different Universities (La Sapienza, SDA Bocconi, Politecnico, LUMSA, LUISS) have been involved in over 15 lessons and conferences, 8 challenges, 31 projects and 8 contests. Some of the students from these Communities have expressed their interest in joining the Toyota Group companies, have submitted their application and have been included in the recruiting processes. Currently 8 former students work within TFSI and KINTO.

In November 2021, the first **Executive Master in Sustainable Mobility of Luiss Business School** started, with the partnership of Kinto. Toyota Financial Services contributed by providing **scholarships** for the most deserving students, for a total value of 115.000 euros.

The Master will allow Kinto to significantly increase its visibility and brand awareness, having an important impact also on employer branding and talent acquisition.

Figure 25

Manifesto del New Way of Working.



Welfare & New Way of Working

Welfare has taken on an increasingly important role in the company's HR policies aimed at staff well-being. The whole remuneration package, which also includes tangible and intangible benefits offered to employees, is included and quantified in the **Total Reward Statement**. This document is updated and shared annually with each employee in TMI and is being built for the other companies in the Group. Benefits also include a wide range of employee welfare services such as a company gym and on-site qualified instructors, as well as benefits such as health insurance and third-party health check-ups.

Finally, remote work is becoming increasingly important. During pandemic period, the entire company population worked remotely, with the exception of warehouse workers and workshop operators for whom physical presence is essential for the purpose of the work.

The Group is now defining the guidelines for new working methods. Toyota companies have defined the cornerstones of the New Way Of Working in the post-pandemic phase, defining both a real Manifesto, shown in the figure, and a new architecture for smart-working management. The aim is to review in a holistic way the work experience, looking beyond the emerging aspect and preparing for the new context characterized by the so-called Hybrid Work. A percentage of remote work equal to 40% of the days per month is suggested, leaving the flexibility in planning to the Line Manager, while respecting the operational needs and work-life balance.

With regard to engagement, employee satisfaction is monitored daily through the **App Beaconforce**, introduced in 2019 and dedicated to the constant monitoring of motivation and involvement of all members of the Toyota team (in March 2022, users registered on the App are about 91% of employees) and, in the case of TMI, also thanks to the biennial European survey, the Employee motivation Survey (EMS). In the last EMS of July 2021, TMI reached an engagement Index of 87%, ranked among the best Toyota subsidiaries in Europe. Based on the results, a business and departmental action plan was developed, in line with Kaizen's corporate philosophy, to work on the identified improvement areas (specifically: Workload optimization, Career Management and Feedback management).

TFSI and KINTO have also carried out a biennial European engagement analysis, called PULSE, reaching 95% response rate, among the highest levels in the Region. Based on the results, a business action plan has been developed to further strengthen the key areas and work on the identified improvement areas (specifically: Work Life balance and Performance Management).

8.3

EMPLOYEE DEVELOPMENT AND TRAINING

As a strategic resource for the company, the Toyota Group in Italy pays great attention to the development of its people, favored through various initiatives that stimulate an expansion of the skills and a greater knowledge of Toyota's activities. The most effective and widely used development methods include:

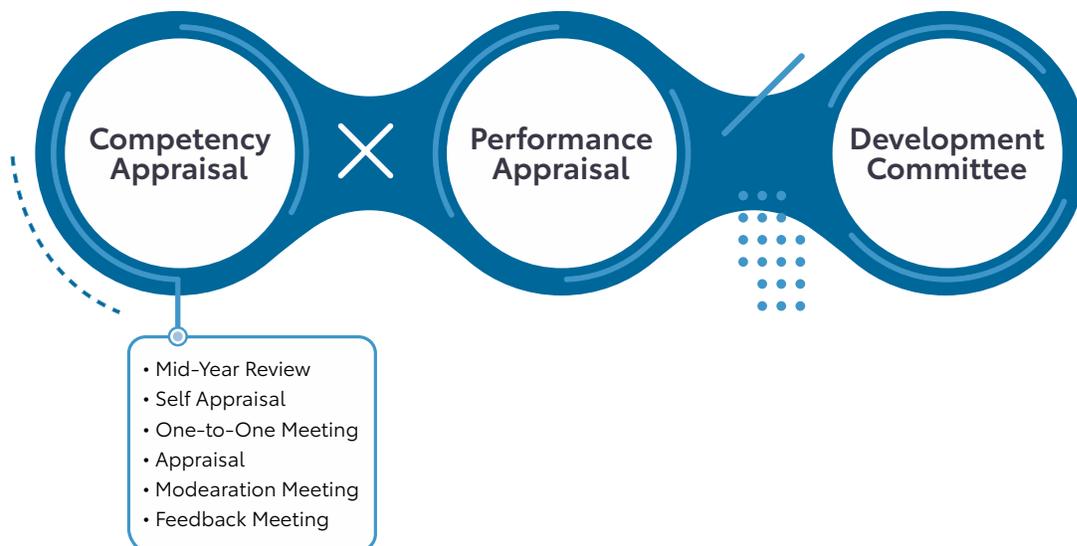
1. **Job Rotations** between different company departments for the expansion and development of knowledge and skills. In FY 22, TMI managed 54 job rotation, corresponding to about 26% of the workforce. For TFSI, 18 job rotation was managed, representing about 16% of the workforce, while no job rotation affected AND-E between 1 January and 31 December 2021.
2. **International Assignments at TME**, the European Headquarters based in Brussels, or other Group companies, such as KINTO GmbH and AND-E Luxembourg, which can last from 1 to 5 years. In FY 22, there were 6 incoming and outgoing international assessments for TMI, 1 outgoing for TFSI concluded during FY with employment at Region, 1 incoming, for KINTO concluded during FY, and 1 for AND-E, which enabled employees to better understand the strategic direction of the brand in Europe, while developing soft skills favored by an international work environment.
3. **Cross-company assignments** among the companies of the group in Italy, with the aim of make employees' knowledge of the Toyota world cross-cutting. In FY 22, a total of 26 postings were managed, both outgoing and incoming: 10 in TMI, 6 in TFSI, 9 in KINTO, 1 in TIS and 0 for AND-E.
4. **Training:** The Toyota Group in Italy continues to invest in the training of its employees, focusing both on the training of soft skills and that linked to the role. The introduction of the WEGROW platform in FY 22 is enabling the company population to approach a new learning way:
 - **Smart Learning:** new approach to self-learning training of corporate modules, modules related to soft skills identified as priorities and profiling of content according to roles and areas of interest;
 - **Social Learning:** sharing expertise and individual experiences;
 - **Knowledge Management:** Corporate content alongside training assets from selected providers and the ability for users to propose new content and share expertise/know-how.

The performance evaluation system

Toyota Group in Italy is equipped with an evaluation system involving all employees, based on two pillars, **Competency** and **Performance Appraisal**. The former is aimed to assess whether the behavior in a defined period is in line with the expectations of the role and the organization, and has a focus on medium-long term development. The second evaluates the results achieved in a given time and is focused on the short period.

Figure 26

Toyota Italy's performance evaluation system.



In FY 22, TFSI and KINTO strengthened their evaluation process by integrating the assessment of cross-sectional skills and performance with an assessment of role competencies, mapped for the entire organization beforehand. This process has enabled a definition of precise goals for all roles, formalized in the MBO, allowing all employees to know in advance goals and expectations linked to the role.

Training

For Toyota, training is a decisive tool for the organic and sustainable development of its business.

This is why TMI has established a structure dedicated exclusively to the design and implementation of the inter-company training strategy since 2015: the **Toyota Academy**, responsible not only for the training of employees, but also for the training of the distribution channel and of the external stakeholders. The cross-cutting role of the Academy allows Toyota companies in Italy to manage part of the training in a centralized way, aligning the skills with Toyota products. The Academy has also expanded its training programs to dealers, which now include topics related to the financial, insurance and new mobility services of TFSI, KINTO, TIS and AND-E.

However, it should be noted that, in addition to the above-mentioned areas, each Group company carries out and manages the training independently, according to their specific business needs.

In line with the evolution of the automotive industry, the Toyota Academy's training offering is undergoing a radical transformation as the business model changes – from car sales to Mobility as a Service – and as a consequence of the digital transformation, increasingly oriented toward blended solutions, that is a combination of in-presence and remote classes, also to support a smooth resumption of business partners' activities after the health emergency from Covid-19. Among the initiatives implemented, a sign of the concrete commitment to an increasingly cross-cutting training offer to companies, can be mentioned the launch of the innovative platform called "**WeGrow**" in July 2021, dedicated to the training and employee's development of all the Group companies in Italy – a novelty at European level – characterized by the combination of artificial intelligence elements (AI) and social learning. The WeGrow platform is based on three main drivers:

1. **Smart Learning**: the platform is based on a new approach to learning (Self Activation, Anytime-Anywhere-Anyone, continuing education), forming a pillar of the Digital Transformation and Reskilling process in support of the New Way Of Working and providing the profiling of content according to roles and areas of interest;

2. **Social Learning:** a multi-level user interaction is expected through the use of AI, a dedicated team of experts and the sharing of expertise and individual experiences that contribute to the growth of the Toyota Community;
3. **Knowledge Management:** the presence of Corporate content is expected, alongside training assets provided by selected providers (e.g. Cegos, Microlearn) and the possibility for users to propose new content and know-how.



In addition, the launch of the **self-learning initiative** is planned for September 2022, in which each employee of the Group is asked to dedicate two hours a week to self-training activities through the tools provided by the Company.

Figure 27

We Grow.

The figures for FY 22 show that the total training hours number provided by Toyota Academy to all employees of the Toyota Group in Italy increased considerably compared to the previous year. It should also be taken into account that the high number of training hours given in FY 21 is the direct result of the closure due to the Covid-19 pandemic. In fact, following the forced closure of the dealerships, the Academy department provided numerous hours of remote training to compensate for the reduction in business activities. With the resumption of activities during 2022, training hours have recovered to pre-pandemic growth levels.

An important part of the structured training activity offered by the Academy concerns commercial partners, who can access Financed Training through registration with the Fon.



Ter interprofessional fund whose membership allows to obtain a reimbursement equal to 70% of the costs of participation in the training incurred. In FY 22, the training offer to dealers increased by about 29% compared to 2021. An important part of the training activity structured and offered by the Academy concerns commercial partners, who can access the training financed through the registration to the Fon. Ter interprofessional fund, whose membership allows to obtain a reimbursement equal to 70% of the participation costs. In FY 22, training delivery to dealers increased by approximately 29% compared to 2021.

In order to ensure a constant alignment of the Academy's activities with the expectations of the participants and with the quality standards that the training strategy itself aims to achieve, the organization uses two main monitoring indicators: the satisfaction index of the participants in the training activities (NPS) and the learning delta, calculated through appropriate tests submitted to those taking part in the training, at the beginning and at the end of the course, whose systematic monitoring has been extended to the whole of the training offer starting from FY 22. Finally, among the new initiatives, we mention the launch of numerous training activities related to the Beyond Zero strategy, in order to allow the widespread diffusion of the same, not only toward the network but also within the Group companies, through the innovative use of virtual classroom.

A further channel of dialog with the world of education, which is a peculiarity of Toyota, is the **Toyota Technical Education Program**, a program that provides for a collaboration between the brand and several schools, mainly professional, focused on providing technical and customer experience management skills to students, providing continuous updating of teachers and educational equipment of the institute. Through this initiative, Toyota aims to make its concrete contribution to the public education system of every country in which it operates, while at the same time offering the dealer network a pool of trained talents to draw on for the professional needs of the network. In Italy, T-TEP was launched with a memorandum of understanding between TMI and the Ministry of Education in 1995 and since then has involved 19 partner schools and thousands of students, often offering them the opportunity to gain experience in the Toyota network. The new version, called T-TEP 2.0, represents

the evolution of this project, and is based on the definition of a new training path for students, on the updating of the teachers' skills by the Toyota Academy, as well as on the adaptation of the didactic equipment, always in line with the latest technological developments: T-TEP schools have modern diagnostic instruments, laboratories equipped with simulators and cars equipped with full hybrid drive systems supplied by Toyota for training purposes. In addition, the training now also includes the enhancement of customer relationship management and sales processes skills, and the collaboration has been extended to the ELIS higher education institute, which has been working for years to integrate young people into the labor market and into the training field. An agreement has been launched with the aim of supporting professional training courses according to defined skill profiles. However, a key feature of the T-TEP's new approach is its role as a channel of attraction for young talent and an important resource for the qualitative growth of the Toyota sales and service network, in line with the needs of a rapidly changing industry.

YourFuture

Platform designed and launched in June 2020 by the Toyota Academy to support the research, recruiting and hiring of new resources by the official Toyota and Lexus dealer network. A further commitment to bring school closer to the labor market.

In FY22 this channel has ensured the dealer network

11 new hires/new entries.

To see the open positions: [YourFuture](#).

8.4

DIVERSITY AND EQUAL OPPORTUNITIES

During FY 22, the **Diversity** Strategy implementation, already started in FY 20, continued with various activities, including the **Unconscious Bias** training course at the Top Management, the introduction of the **MAAM** (Maternity as a Master) online Master for the enhancement of aptitude skills acquired through parenting, and the creation of a process of **Maternity Come Back** to facilitate the return of new mothers. Among the activities of the new FY are the extension of the training on Unconscious Bias to all Management and the entire company population and the **mentorship** program, dedicated to women, aimed at supporting their development in the Company.

As part of Toyota's pan-European strategy to accelerate initiatives to develop a culture that respects diversity by ensuring fairness and inclusion, TMI has launched a number of initiatives, including the creation of a **Diversity Board** composed of 6 employees, led by a Director, to relaunch the strategic plan for the next three years.

Figure 28

DE&I 2.0 Strategy.



In the definition of the new action plan, the Diversity Board involved about 50% of employees in dedicated Focus Group (Diversity Lab), aimed at identifying areas of improvement to be prioritized. In addition, 2 pan-European initiatives were

launched: The **Self-Identity Survey**, involving all staff, and the **360° Inclusive Leadership Assessment** aimed at developing an inclusive Leadership in the Top Management.

TFSI and KINTO, on the other hand, are working on the launch of a Diversity & inclusion course, which will include an internal survey on gender diversity issues, scheduled for the second half of FY 23, as key first step in identifying needs and gaps in order to define an action plan to strengthen the culture of inclusion.

In general, in relation to Diversity Equity & Inclusion, Toyota companies annually identify targets in the Company Hoshin Kanri. To date, the percentage of women on the total number of employees for the 3 companies has remained stable compared to the previous FY: about 30% for TMI, 45% for TFSI and KINTO and 40% for TIS and AND-E.

In relation to young people, the number of employees under 30 years of age for TFSI and KINTO and for TIS and AND-E increased, while it is slightly reduced for TMI, a value that the Group aims to increase in the coming years, also thanks to the new talent attraction channels described in paragraph 9.2 "Talent attraction and selection".

In the development of a Diversity & Inclusion culture, the Toyota Group in Italy collaborates with a partner of excellence, **ValoreD**, with which the Manifesto for Women's Employment was signed, for the development of a culture oriented to the maximum enhancement of gender balance and inclusiveness. Moreover, another important aspect for the Group, not only in terms of the diversity of its staff but also for the company's mission, is the inclusion of people with disabilities, who, together with the other protected categories, make up 7% of the staff for TMI, 7% for TFSI and KINTO and 4% for TIS and AND-E.

Another important project in the theme of Diversity & Inclusion is that of **Inspiring Girls** that aims to increase female empowerment and therefore to promote gender balance and equality. Ten Toyota testimonials took part in this project and met young students in various schools throughout Italy.

8.5

HEALTH AND SAFETY

An important aspect of the “**Respect for people**” value is the attention that Toyota Italy puts on the health and safety of its people and of all its stakeholders. In this regard, in addition to compliance with the regulations (D. 81/08), safety at work is one of the axes of the Integrated Quality, Environment and Safety Management system,, certified according to the international standards ISO 45001:2018, ISO 14001:2015, ISO 9001:2018. The adequacy of the Integrated Quality, Environment and Safety Management System is verified through a dedicated Audit Plan carried out periodically by TMI, the results of which are aimed at planning improvement actions. The Integrated Management System covers quality, information security, business continuity, SOX compliance, workplace safety, environment, privacy and compliance with Legislative Decree 231/2001.

Each company in the Group analyzes, measures and defines risks and related mitigation measures for each job position in the Risk Assessment Documents of the individual companies, in compliance with Legislative Decree 81/08. For TMI, safety risks are identified by the Toyota Global Risk Management Standards (TGRS).

With reference to the Covid-19 emergency and its proper management, guidelines for Toyota and Lexus dealers and service centers were drawn up and distributed. This effort has also been recognized by the whole network, which rated Toyota as the best brand in the management of the Covid crisis as part of the DealerStat 2020.

With reference to the personnel employed, always in relation to the pandemic situation, **several initiatives have been implemented to protect the health and safety of employees**, such as frequent sanitizing of the working environments, distance of the working stations, constant mapping of possible infections, provision of PPE to employees and encouragement of smart working, also by distributing mobile devices to all staff. From an organizational point of view, the RSPP of the Group, together with the human resources representatives and the RLS of the various companies, have set up a Control Committee, as required by the legislation, which meets periodically to discuss countermeasures and possible legislative news. In addition, the group carries out weekly surveys to check the effective and correct implementation of the countermeasures adopted. The Committee also drafted the **Anti-Contagion Protocols** and related updates, which were the subject of dedicated

communications and training courses.. Thanks to the adoption of these measures, it has been possible to allow an ever-increasing proportion of the company's population (between 30% and 50%), in rotation, to operate at the headquarter, without any contagion in the workplace, balancing business needs and employee satisfaction in terms of sociability and relationship management.

Safety culture

For the correct application of high safety standards, the Toyota Group in Italy deems training staff in this area to be of primary importance. In addition to compulsory training, additional training is provided, focusing on different topics, such as the course on safe driving provided to the field staff and suggestions for best living the work remotely. However, the creation of a safety culture is not limited to training activities. The company favors the spread of the prevention and protection values through activities of continuous promotion among which:

- the **Safety Month** (in October) during which the company promotes significant practices and actions related to health and safety aspects;
- the **Safety Award**, through which Toyota rewards those who have distinguished themselves in specific health and safety activities each year.

In addition, TMI includes health and safety improvement targets into the company Hoshin Kanri, which are reflected in concrete improvement actions.

Safety monitoring

Toyota Italy constantly monitors its health and safety procedures and performance through regular audits and tests. Among the main improvement tools, the sharing of collected information is a successful practice. For example, the Parts Warehouse shares its own **accident monitoring** and Near-Misses with all Toyota warehouses in Europe, aiming at extending this practice to the warehouses of the Toyota and Lexus dealer network too. With reference to the procedures for reporting risks and dangers by workers, an effective and structured channel is represented by the **Near Miss** procedure.

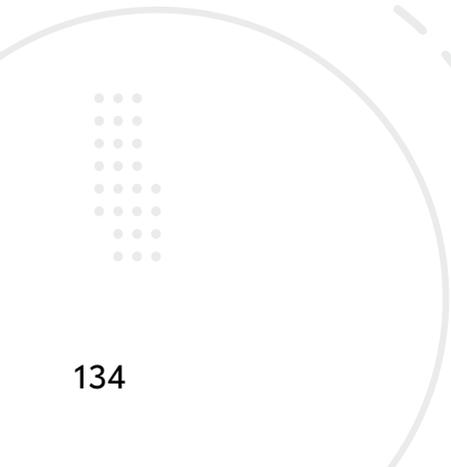
Near-Miss procedure

“Near Miss” are events that cause minor injuries that do not result in work absence or accidents but that could have caused injuries and for which no registration and reporting obligation is required. Reporting, recording and analysis of “Near Miss” has the dual objective of preventing the occurrence of accidents that could have a more serious outcome and allowing a more reliable refinement of health and safety risk indicators. In view of the above considerations, all the staff is responsible for forwarding “Near Miss” reports through tools provided by IT services to be used from their workstation or mobile phone. The report must indicate the date, time and place of the event, the event and any useful indication for the subsequent analysis and the identification of the causes. For mobile reporting, the staff can use an App and QR codes that are widely exposed in workplaces and that generate an e-mail (even anonymous) addressed to predefined recipients: the person in charge of the Prevention and Protection Service and the person in charge of the Health and Safety Management System. The recipients shall assess the risk situation and, if appropriate, shall define and initiate the necessary improvement actions aimed at removing the root causes of the “Near Miss”. The reports feed a database that is periodically reviewed to intercept any recurrences and adopt containment measures.



In the event of accidents at work, Toyota has the opportunity to investigate through the tools offered by the Organization Management and Control Model pursuant to Legislative Decree 231/2001 and the control activities carried out periodically by the Supervisory Body.

The adequacy of Toyota Italia's health and safety management system and related prevention and reporting mechanisms is witnessed by the excellent results in terms of the number of accidents recorded in the year. Indeed, in FY 22, the company was able to achieve the remarkable result of zero accidents at work for all the companies of the Group, both for employees and for external workers.



Attachments

— CHAPTER 9

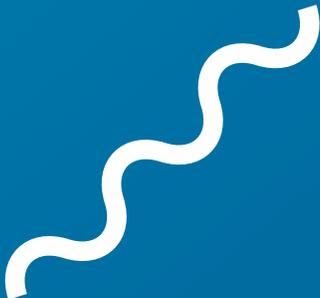


Table 2 - GRI 302-1 Energy consumption within the organization

Energy consumption by type (GJ)		
	FY 22	FY 21
Natural gas	2.586	1.362
Electricity	7.563	7.241
Petrol for transportation	5.493	4.549
Total	15.643	13.153

Table 3 - GRI 305-1 Direct (Scope 1) GHG emissions; GRI 305-2 Energy indirect (Scope 2) GHG emissions; GRI 305-3 Other indirect (Scope 3) GHG emissions

Emissions (tCO ₂ e)		
	FY 22	FY 21
Scope 1 ²⁵	553,93	412,44
Scope 2 ²⁶	414,03	491,81
Scope 3 ²⁷	4.250,66	NA
Total emissions (tCO₂e)	5.218,62	904,25

Table 4 - GRI 303-3 Water withdrawal

Water withdrawal by source of withdrawal (Megaliters) ²⁸				
Withdrawal source	From 1 April 2021 to 31 March 2022		From 1 April 2020 to 31 March 2021 ²⁹	
	All areas	Off which water stress areas	All areas	Off which water stress areas
Surface water	10,41	10,41	15,32	15,32
Groundwater	0,15	0,15	0,14	0,14
Total	10,56	10,56	15,46	15,46

²⁵ The source used for the emission factors of Scope 1 is "Tabella parametri standard nazionali 2021 - Ministero dell'Ambiente".

²⁶ CO₂ emissions calculated with the "Location-based method", the source used for the emission factors used for emissions calculations "ISPRA 2021 - Fattori di emissione atmosferica di gas a effetto serra nel settore elettrico nazionale e nei principali Paesi Europei". Considering that all the electricity consumed comes from renewable sources, the emissions calculated with the "Market-based method" are 0 tCO₂ for both FY 21 and FY 22.

²⁷ For the calculation of Scope 3 emissions, the perimeter considered includes only the two logistics operators in charge of handling, to the locations of the dealer network, Toyota's components and vehicles in Italy. With regard to calculation, the quantities of diesel used by the two operators, estimated on the basis of the activities and volumes attributable to Toyota, were taken into account. The calculation does not include the consumption of other fuels and operating sites used by logistics operators. The source used for the emission factors of Scope 3 is "ISPRA, National Inventory Report, 2021".

²⁸ The water taken comes entirely from fresh water sources.

²⁹ As a result of an improvement process of the reporting system and to ensure the comparability of the same, the Fiscal Year 21 Group water abstraction data were re-exposed compared to those published in the previous Report. For previously published historical data, see the 2021 Sustainability Report.

Table 5 - GRI 306-4 Waste diverted from disposal; GRI 306-5 Waste directed to disposal

Waste by type and disposal method (t)						
	2021			2020		
	Hazardous	Non hazardous	Total	Hazardous	Non hazardous	Total
Recovery, including energy recovery	3,0	100,4	103,4	0,5	95,5	96,0
Incineration (thermodestruction)	0,1	-	0,1	-	-	-
Landfill	-	0,3	0,3	0,7	0,2	0,9
Other	-	2,5	2,5	-	2,8	2,8
Total	3,1	103,2	106,3	1,2	98,5	99,7

Table 6 - GRI 204-1 Proportion of spending on local suppliers

Product/Service category	Proportion of spending on local suppliers by product/service category					
	From 1 April 2021 to 31 March 2022					
	Italy		Abroad (EU)		Total	
	Spending	%	Spending	%	Spending	%
<i>Purchase of new vehicles, accessories and genuine spare parts</i>	0	0%	1.559.758.255	91,9%	1.559.758.255	91,9%
<i>Media and advertising</i>	40.442.130	2,4%	0	0%	40.442.130	2,4%
<i>Vehicle recall campaigns</i>	0	0%	10.847.982	0,6%	10.847.982	0,6%
<i>TMI</i>	40.442.130	2,4%	1.570.606.237	92,5%	1.611.048.367	94,9%
<i>Financial commissions vs. dealer network</i>	26.870.463	57%	0	0%	26.870.463	57%
<i>Operational costs (including Staff Costs, Travel & Communication, Research and Consulting, Other)</i>	9.587.808	20%	1.586.317	3%	11.174.125	24%
<i>IT Expenses</i>	4.752.828	10%	302.787	1%	5.055.615	11%
<i>Sales & Marketing</i>	4.044.831	9%	0	0%	4.044.831	9%
<i>TFSI and KINTO</i>	45.255.932	95%	1.889.104	4%	47.145.036	99%
From 1 January 2021 to 31 December 2021						
<i>Accidents</i>	542.618	3%	0	0%	542.618	3%
<i>Administratives costs</i>	4.717.889	22%	1.400.477	7%	6.118.366	29%
<i>Staff costs</i>	134.956	1%	0	0%	134.956	1%
<i>Commissions</i>	14.491.991	68%	0	0%	14.491.991	68%
<i>TIS and AND-E</i>	19.887.456	93%	1.400.477	7%	21.287.933	100%

Table 7 - GRI 204-1 Proportion of spending on local suppliers

Product/Service category	Proportion of spending on local suppliers by product/service category					
	From 1 April 2020 to 31 March 2021					
	Italy		Abroad (EU)		Total	
	Spending	%	Spending	%	Spending	%
<i>Purchase of new vehicles, accessories and genuine spare parts</i>	0	0%	1.456.240.117	93%	1.456.240.117	93%
<i>Media and advertising</i>	36.791.459	2%	0	0%	36.791.459	2%
<i>Vehicle recall campaigns</i>	0	0%	9.357.342	1%	9.357.342	1%
<i>TMI</i>	36.791.459	2%	1.465.597.459	94%	1.502.388.918	96%
<i>Financial commissions vs. dealer network</i>	24.184.509	59%	0	0%	24.184.509	59%
<i>Operational costs (including Staff Costs, Travel & Communication, Research and Consulting, Other)</i>	6.674.862	16%	980.271	2%	7.655.134	19%
<i>IT Expenses</i>	4.750.012	11%	505.778	1%	5.255.790	13%
<i>Sales & Marketing</i>	3.227.827	8%	0	0%	3.227.827	8%
<i>TFSI and KINTO</i>	38.837.213	94%	1.486.050	4%	40.323.263	98%
From 1 January 2020 to 31 December 2020						
<i>Accidents</i>	684.791	3%	0	0%	684.791	3%
<i>Administratives costs</i>	4.431.982	21%	1.923.239	9%	6.355.221	30%
<i>Staff costs</i>	99.354	0%	0	0%	99.354	0%
<i>Commissions</i>	14.285.688	67%	0	0%	14.285.688	67%
<i>TIS and AND-E</i>	19.501.816	91%	1.923.239	9%	21.425.056	100%

Table 8 - GRI 405-1 Diversity of governance body and employee, TMI, TFSI and KINTO

TMI employees	Employees by professional category, gender and age group							
	On 31 March 2022				On 31 March 2021			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
Executives	0	12	3	15	0	9	2	11
Men	0	12	3	15	0	9	2	11
Women	0	0	0	0	0	0	0	0
Managers	0	23	8	31	0	27	6	33
Men	0	18	7	25	0	23	5	28
Women	0	5	1	6	0	4	1	5
Employees	14	122	29	165	18	121	29	168
Men	10	77	21	108	12	81	19	112
Women	4	45	8	57	6	40	10	56
Total	14	157	40	211	18	157	37	212
Men	10	107	31	148	12	113	26	151
Women	4	50	9	63	6	44	11	61
TFSI and KINTO employees	On 31 March 2022				On 31 March 2021			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
	Executives	0	4	5	9	0	2	4
Men	0	2	5	7	0	1	4	5
Women	0	2	0	2	0	1	0	1
Managers	0	13	4	17	0	14	5	19
Men	0	10	2	12	0	10	2	12
Women	0	3	2	5	0	4	3	7
Employees	14	80	13	107	9	86	7	102
Men	9	41	4	54	5	44	1	50
Women	5	39	9	53	4	42	6	52
Total	14	97	22	133	9	102	16	127
Men	9	53	11	73	5	55	7	67
Women	5	44	11	60	4	47	9	60

Table 9 - GRI 405-1 Diversity of governance body and employee, TIS and AND-E

TIS and AND-E employees	Employees by professional category, gender and age group							
	On 31 December 2021				On 31 December 2020			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
Executives	0	1	2	3	0	1	2	3
Men	0	1	1	2	0	1	1	2
Women	0	0	1	1	0	0	1	1
Managers	0	4	2	6	0	4	1	5
Men	0	4	1	5	0	4	0	4
Women	0	0	1	1	0	0	1	1
Employees	1	38	5	44	0	35	3	38
Men	0	24	1	25	0	21	0	21
Women	1	14	4	19	0	14	3	17
Total	1	43	9	53	0	40	6	46
Men	0	29	3	32	0	26	1	27
Women	1	14	6	21	0	14	5	19

Table 10 - GRI 401-1 New employee hires and employee turnover

Number of hires	Hires							
	On 31 March 2022				On 31 March 2021			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
Men	2	4	-	6	3	-	-	3
Women	1	5	-	6	2	4	-	6
TMI total	3	9	-	12	5	4	-	9
Men	4	4	-	8	-	1	4	5
Women	1	2	-	3	-	2	-	2
TFSI and KINTO total	5	6	-	11	-	3	4	7
	On 31 December 2021				On 31 December 2020			
Men	1	5	-	6	-	3	-	3
Women	1	1	-	2	-	1	-	1
TIS and AND-E total	2	6	-	8	-	4	-	4

Table 11 - GRI 401-1 New employee hires and employee turnover

Hiring rate	Hires							
	On 31 March 2022				On 31 March 2021			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
<i>Men</i>	20%	4%	0%	4%	25%	0%	0%	2%
<i>Women</i>	25%	10%	0%	10%	33%	9%	0%	10%
TMI total	21%	6%	0%	6%	28%	3%	0%	4%
<i>Men</i>	67%	9%	0%	14%	0%	2%	50%	7%
<i>Women</i>	33%	5%	0%	6%	0%	4%	0%	3%
TFSI and KINTO total	56%	7%	0%	10%	0%	3%	24%	6%
	On 31 December 2021				On 31 December 2020			
<i>Men</i>	100%	17%	0%	19%	-	12%	-	11%
<i>Women</i>	100%	7%	0%	10%	-	7%	-	5%
TIS and AND-E total	100%	14%	0%	15%	-	10%	-	9%

Table 12 - GRI 401-1 New employee hires and employee turnover

Number of terminations	Turnover							
	On 31 March 2022				On 31 March 2021			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
<i>Men</i>	1	4	2	7	1	1	1	3
<i>Women</i>	-	-	4	4	1	1	-	2
TMI total	1	4	6	11	2	2	1	5
<i>Men</i>	1	3	-	4	-	1	-	1
<i>Women</i>	-	2	1	3	-	3	-	3
TFSI and KINTO total	1	5	1	7	-	4	-	4
	On 31 December 2021				On 31 December 2020			
<i>Men</i>	-	1	-	1	-	3	-	3
<i>Women</i>	-	-	-	-	-	-	-	-
TIS and AND-E total	-	1	-	1	-	3	-	3

Table 13 - GRI 401-1 New employee hires and employee turnover

Turnover rate	Turnover							
	On 31 March 2022				On 31 March 2021			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
<i>Men</i>	10%	4%	6%	5%	8%	1%	4%	2%
<i>Women</i>	0%	0%	44%	6%	17%	2%	0%	3%
TMI total	7%	3%	15%	5%	11%	1%	3%	2%
<i>Men</i>	17%	7%	0%	7%	0%	2%	0%	1%
<i>Women</i>	0%	5%	10%	6%	0%	6%	0%	5%
TFSI and KINTO total	11%	6%	5%	6%	0%	4%	0%	3%
	On 31 December 2021				On 31 December 2020			
<i>Men</i>	-	3%	-	3%	-	12%	-	11%
<i>Women</i>	-	-	-	0%	-	-	-	0%
TIS and AND-E total	-	2%	-	2%	-	8%	-	7%

Table 14 - GRI 102-8 Information on employees and other workers, TMI, TFSI and KINTO

Part-time/ Full-time	Total number of employees by "full-time/part-time", by gender					
	On 31 March 2022			On 31 March 2021		
	Men	Women	Total	Men	Women	Total
Full-time	148	52	200	151	50	201
Part-time	0	11	11	0	11	11
TMI total	148	63	211	151	61	212
Full-time	73	55	128	67	55	122
Part-time	0	5	5	0	5	5
TFSI and KINTO total	73	60	133	67	60	127

Table 15 - GRI 102-8 Information on employees and other workers, TIS and AND-E

Part-time/ Full-time	Total number of employees by "full-time/part-time", by gender					
	On 31 December 2021			On 31 December 2020		
	Men	Women	Total	Men	Women	Total
Full-time	32	15	47	27	15	42
Part-time	0	6	6	0	4	4
TIS and AND-E total	32	21	53	27	19	46

Table 16 - GRI 102-8 Information on employees and other workers, TMI, TFSI and KINTO

Type of contract	Total number of employees by type of contract and gender					
	On 31 March 2022			On 31 March 2021		
	Men	Women	Total	Men	Women	Total
Permanent	148	63	211	147	59	206
Temporary	0	0	0	3	2	5
Apprenticeship	0	0	0	1	0	1
TMI total	148	63	211	151	61	212
Permanent	68	59	127	66	59	125
Temporary	5	1	6	1	1	2
Apprenticeship	0	0	0	0	0	0
TFSI and KINTO total	73	60	133	67	60	127

Table 17 - GRI 102-8 Information on employees and other workers, TIS and AND-E

Type of contract	Total number of employees by type of contract and gender					
	On 31 December 2021			On 31 December 2020		
	Men	Women	Total	Men	Women	Total
Permanent	29	20	49	26	19	45
Temporary	2	1	3	0	0	0
Apprenticeship	1	0	1	1	0	1
TIS and AND-E total	32	21	53	27	19	46

Table 18 – GRI 102-8 Information on employees and other workers, TMI, TFSI and KINTO

Type of contract	Total number of external workers by type of contract and gender					
	On 31 March 2022			On 31 March 2021		
	Men	Women	Total	Men	Women	Total
Leased staff	1	2	3	0	0	0
Internship	0	5	5	3	1	4
Other collaborators	0	0	0	0	0	0
TMI total	1	7	8	3	1	4
Leased staff	6	8	14	6	8	14
Internship	3	1	4	1	4	5
Other collaborators	10	2	12	13	3	16
TFSI and KINTO total	19	11	30	20	15	35

Table 19 – GRI 102-8 Information on employees and other workers, TIS and AND-E

Type of contract	Total number of external workers by type of contract and gender					
	On 31 December 2021			On 31 December 2020		
	Men	Women	Total	Men	Women	Total
Leased staff	0	4	4	1	1	2
Internship	0	0	0	0	0	0
Other collaborators	1	2	3	2	2	4
TIS and AND-E total	1	6	7	3	3	6

Table 20 - GRI 404-1 Average hours of training per year per employee, TMI, TFSI and KINTO

	Average hours of training per capita by occupational category and gender					
	From 1 April 2021 to 31 March 2022			From 1 April 2020 to 31 March 2021		
	Men	Women	Total	Men	Women	Total
Executives and Managers	47,0	20,0	43,4	60,1	339,2	91,8
Employees	47,3	42,2	45,6	109,8	159,1	126,3
TMI total	47,2	40,1	45,1	97,0	173,9	119,1
Executives and Managers	45,3	36,6	42,9	18,8	18,8	18,8
Employees	23,8	26,8	25,3	20,4	20,4	20,4
TFSI and KINTO total	29,4	28,0	28,7	20,0	20,2	20,1

Table 21 - GRI 404-1 Average hours of training per year per employee, TIS and AND-E

	Average hours of training per capita by occupational category and gender					
	From 1 January 2021 to 31 December 2021			From 1 January 2020 to 31 December 2020		
	Men	Women	Total	Men	Women	Total
Executives and Managers	6,6	8,0	6,9	6,7	8,0	7,0
Employees	13,0	14,7	13,7	12,2	10,8	11,6
TIS and AND-E total	11,6	14,0	12,5	11,0	10,5	10,8

Table 22 - GRI 404-1 Average hours of training per year per employee, Toyota Academy

	Average hours of training per capita by occupational category and gender					
	Dal 1 April 2021 al 31 March 2022			Dal 1 April 2020 al 31 March 2021		
	Men	Women	Total	Men	Women	Total
Executives and Managers	44,6	24,5	40,9	10,6	18,4	12,1
Employees	38,5	54,1	44,9	18,8	12,5	16,3
Toyota Academy total	40,1	51,0	44,1	16,7	13,2	15,4

Table 23 - Average annual training hours, Dealers

Training hours for dealers and dealer staff by subject		
	2022	2021
New/Used/Fleets Sales Training (Sales Advisor; Customer Advisor; Contact Advisor)	18.898	8.908
New Models Training (Sales Advisor; Service Advisor; Workshop Master Technician)	17.080	15.496
After-sales Training (Technical; Parts & Service; Others)	8.574	8.619
Management Training (First Line Management Program; Customer Development Manager; Environmental Manager)	10.077	9.496
Total	54.629	42.519

Table 24 - GRI 403-9 Work-related injuries, TMI

Number of injuries		
	On 31 March 2022	On 31 March 2021
Number of fatalities as a result of work-related injuries	0	0
Number of high - consequence work - related injuries (excluding fatalities)	0	0
Number of recordable work-related injuries	0	0
TMI total	0	0

Table 25 - GRI 403-9 Work-related injuries, TFSI and KINTO

Number of injuries		
	On 31 March 2022	On 31 March 2021
Number of fatalities as a result of work-related injuries	0	0
Number of high - consequence work - related injuries (excluding fatalities)	0	0
Number of recordable work-related injuries	0	0
TFSI and KINTO total	0	0

Table 26 - GRI 403-9 Work-related injuries, TIS and AND-E

Number of injuries		
	On 31 December 2022	On 31 December 2021
Number of fatalities as a result of work-related injuries	0	0
Number of high - consequence work - related injuries (excluding fatalities)	0	0
Number of recordable work-related injuries	0	0
TIS and AND-E total	0	0

Table 27 – GRI 403-9 Work-related injuries, TMI

Rate of work-related injuries ³⁰		
	On 31 March 2022	On 31 March 2021
Rate of fatalities as a result of work-related injuries	0	0
Rate of high - consequence work - related injuries (excluding fatalities)	0	0
Rate of recordable work-related injuries	0	0
TMI total	0	0

Table 28 – GRI 403-9 Work-related injuries, TFSI and KINTO

Rate of work-related injuries ³¹		
	On 31 March 2022	On 31 March 2021
Rate of fatalities as a result of work-related injuries	0	0
Rate of high - consequence work - related injuries (excluding fatalities)	0	0
Rate of recordable work-related injuries	0	0
TFSI and KINTO total	0	0

Table 29 – GRI 403-9 Work-related injuries, TIS and AND-E

Rate of work-related injuries ³²		
	On 31 December 2022	On 31 December 2021
Rate of fatalities as a result of work-related injuries	0	0
Rate of high - consequence work - related injuries (excluding fatalities)	0	0
Rate of recordable work-related injuries	0	0
TIS and AND-E total	0	0

Table 30 - GRI 403-9 Work-related injuries – worked hours, TMI, TFSI and KINTO

Worked hours		
	On 31 March 2022	On 31 March 2021
TMI	441.504	427.392
TFSI and KINTO	238.620	226.407

Table 31 - GRI 403-9 Work-related injuries – worked hours, TIS and AND-E

Worked hours		
	On 31 December 2021	On 31 December 2020
TIS and AND-E	87.301	84.480

^{30, 31, 32} Injury rates are calculated by multiplying the ratio of injuries number to worked hours by 1,000,000.

Table 32 - GRI 404-3 Percentage of employees receiving regular performance and career development evaluations, TMI, TFSI and KINTO

%	Total percentage of employees who received a periodic performance and professional development evaluation, by gender and job category					
	On 31 March 2022			On 31 March 2021		
	Men	Women	Total	Men	Women	Total
Executives	100%	-	100%	100%	-	100%
Managers	100%	100%	100%	100%	100%	100%
Employees	100%	100%	100%	99,1%	100%	99,4%
TMI	100%	100%	100%	99,3%	100%	99,5%
Executives	100%	100%	100%	100%	100%	100%
Managers	100%	100%	100%	100%	100%	100%
Employees	100%	100%	100%	100%	100%	100%
TFSI and KINTO	100%	100%	100%	100%	100%	100%

Table 33 - GRI 404-3 Percentage of employees receiving regular performance and career development evaluations, TIS and AND-E

%	Total percentage of employees who received a periodic performance and professional development evaluation, by gender and job category					
	On 31 December 2021			On 31 December 2020		
	Men	Women	Total	Men	Women	Total
Executives	100%	100%	100%	100%	100%	100%
Managers	100%	100%	100%	100%	100%	100%
Employees	100%	100%	100%	100%	100%	100%
TIS and AND-E	100%	100%	100%	100%	100%	100%

Materiality – GRI Comparative Table

— CHAPTER 10



		BOUNDARY	
Material topic	GRI Standard	Impact boundary	Toyota Group in Italy involvement
Vehicle emissions and electrification	N/A	Toyota Group in Italy	Caused by Toyota Group in Italy
Quality and safety of products and services	Customers health and safety (GRI 416);	Toyota Group in Italy and dealer network	Caused by Toyota Group in Italy and directly connected through a business relationship
Customer experience	N/A	Toyota Group in Italy and dealer network	Caused by Toyota Group in Italy and directly connected through a business relationship
Environmental impact reduction	Energy (GRI 302); Water and effluents (GRI 303); Emissions (GRI 305); Waste (GRI 306); Environmental compliance (GRI 307);	Toyota Group in Italy and electricity suppliers	Caused by Toyota Group in Italy and directly connected through a business relationship
New mobility solutions	N/A	Toyota Group in Italy	Caused by Toyota Group in Italy
Workplace health and safety	Occupational health and safety (GRI 403)	Employees and collaborators of Toyota Group in Italy	Caused by Toyota Group in Italy and directly connected through a business relationship
Business ethics and anticorruption	Anticorruption (GRI 205); Anti-competitive behavior (GRI 206); Socio-economic compliance (GRI 419);	Toyota Group in Italy	Caused by Toyota Group in Italy
Community support and development	N/A	Toyota Group in Italy and local communities	Caused by Toyota Group in Italy
Employee development and well-being	Employment (GRI 401); Training and education (GRI 404)	Employees and collaborators of Toyota Group in Italy	Caused by Toyota Group in Italy
Diversity and equal opportunities	Diversity and equal opportunities (GRI 405); Non-discrimination (GRI 406)	Toyota Group in Italy	Caused by Toyota Group in Italy
Customer privacy and data security	N/A	Toyota Group in Italy	Caused by Toyota Group in Italy
Sustainable supply chain	Procurement practices (GRI 204)	Toyota Group in Italy and suppliers	Caused by Toyota Group in Italy and directly connected through a business relationship
Technological innovation and digitalization	N/A	Toyota Group in Italy	Caused by Toyota Group in Italy

GRI Content Index

— CHAPTER 11

GRI Standard	Information	Page number/notes	Omission
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GRI Standard	Information	Page number/notes	Omission
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GRI Standard	Information	Page number/notes	Omission
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103-3	Evaluation of the management approach	137-138	
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Topic: Business ethics and anticorruption			
GRI-103: Management Approach (2016)			
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103-2	The management approach and its components	44-46	
103-3	Evaluation of the management approach	44-46	
GRI 205: Anticorruption (2016)			
205-3	Confirmed incidents of corruption and actions taken	There were no confirmed cases of corruption during the fiscal year 2022	
GRI 206: Anti-competitive behavior (2016)			
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	There were no legal actions for anticompetitive behavior, antitrust or monopolistic practices during fiscal year 2022	
GRI 419: Socioeconomic Compliance (2016)			
419-1	Non-compliance with laws and regulations in the social and economic area	There were no instances of non-compliance with social and economic laws and regulations during the fiscal year 2022	

GRI Standard	Information	Page number/notes	Omission
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GRI-103: Management Approach (2016)			
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103-3	Evaluation of the management approach	57-78	
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GRI Standard	Information	Page number/notes	Omission
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GRI-103: Management Approach (2016)			
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GRI 403: Occupational Health and Safety (2018)			
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GRI Standard	Information	Page number/notes	Omission
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Topic: Diversity and equal opportunities			
GRI-103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	54-55; 150	
103-2	The management approach and its components	128-129	
103-3	Evaluation of the management approach	128-129	
GRI 405: Diversity and Equal Opportunities (2016)			
405-1	Diversity of governance bodies and employee	139-140	
GRI 406: Non-discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	There were no incidents of discrimination during the fiscal year 2022	
Topic: Quality and safety of products and services			
GRI-103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	54-55; 150	
103-2	The management approach and its components	110	
103-3	Evaluation of the management approach	110	
GRI 416: Customer Health and Safety (2016)			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During fiscal year 2022, there were no instances of noncompliance regarding health and safety impacts of products and services	

GRI Standard	Information	Page number/notes	Omission
Topic: Vehicle emissions and electrification			
GRI-103: Management Approach (2016)			
103-1	Explanation of the material topic and its Boundary	54-55;150	
103-2	The management approach and its components	58-72	
103-3	Evaluation of the management approach	58-72	
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GRI-103: Management Approach (2016)			
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Topic: Community support and development			
GRI-103: Management Approach (2016)			
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GRI Standard	Information	Page number/notes	Omission
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*"WE BELIEVE
THAT THE MOST
IMPORTANT
THING WE CAN DO
AS A COMPANY
IS NOT ONLY
IMPROVING
OUR VEHICLES,
BUT ALSO THE LIFE
OF OUR CUSTOMERS,
EVERY DAY,
IN EVERY WAY."*

AKIO TOYODA



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