Toyota European Sustainability Report 2011

TOYOTA

About the report

(L-R): Willy Tomboy, Maria Isabel Rodriguez Leon, Sharka Holler, Stephan Herbst

Report Coordination Team

This is Toyota Motor Europe's fifth Sustainability Report. It covers the environmental, social and economic performance for the financial year 2010 (FY10) from the 1st April 2010 to the 31st March 2011.

This report follows our 2010 Sustainability Report which was published in September 2010. We have been reporting our environmental performance since 2001 when we published our first annual Environmental Report.

A dedicated network of people in our company have contributed to this report by providing high-quality, accurate and transparent information. We thank them for their ongoing commitment and support.

Data collection and measurement

The environmental performance data in this report is gathered from internal reporting procedures. The methodology used is in line with the Greenhouse Gas Protocol of the World Business Council for Sustainable Development and the World Resources Institute.

The social performance data is from formal statistics on customer relations, product quality, safety, health and human resources. The economic data comes from the finance group and is fully in line with corporate annual reporting procedures. There are no changes in the reporting procedure from the previous year.

This report uses the international sustainability reporting framework, the Global Reporting Initiative (GRI) G3 guidelines. The framework has helped to structure the content by enabling us to report on our environmental, social and economic performance. The report applies the GRI framework to an A level, which means we have undertaken the G3 Profile and Management Approach disclosures and reported on all core indicators. The GRI index is available on pages 67-71.

Net Balance Management Group has checked our reporting and has confirmed it to be Application Level A.

About Toyota Motor Europe

Toyota Motor Europe NV/SA, (Toyota Motor Europe - TME) is 100% owned by Toyota Motor Corporation and has its headquarters in Brussels, Belgium.

TME is responsible for all Western, Central and Eastern European countries including the Canary Islands, Turkey and Russia, as well as Israel and a number of Central Asian markets (Armenia, Azerbaijan, East Russia, Georgia, Kazakhstan, Tajikistan, Turkmenistan and Uzbekistan).

TME oversees the wholesale sales and marketing of Toyota and Lexus vehicles, parts and accessories, and Toyota's European manufacturing and engineering operations.

TME has operations in 17 countries with 9 manufacturing plants, 9 vehicle logistics centres, and 14 parts distribution centres. The manufacturing plant Caetano in Portugal (TCAP) is a joint venture in which Toyota Motor Corporation has a 27% share. Until the end of March 2011, Toyota Motor Manufacturing Russia (TMMR) was fully owned by Toyota Motor Corporation. Hence data of TCAP and TMMR are not included in this report in order to keep consistency with the final results of our Five Year Environmental Action Plan FY06-FY10. Both plants will be included in the Sustainability Report from FY12.

We welcome your comments on this report and invite you to share them with us via email at **environment@toyota-europe.com**. The report is also available online at **www.toyota.eu/sustainability**.

We hope you find this report of interest.

Willy Tomboy

Director, Environment & Corporate Citizenship

Didier Leroy

President & CEO
Toyota Motor Europe
Managing Officer
Toyota Motor Corporation

There is always a better way !

Message from the President & CEO

The saying goes that "bad luck never comes alone."

In 2009 like most companies we were severely hit by the global economic crisis. In 2010 strong media coverage on product recalls hit Toyota's reputation. Then in 2011 a major earthquake off the coast of Japan resulted in an enormous tsunami. This tsunami has affected our supply chain, resulting in temporary closures of factories and some delays in customer deliveries of vehicles and parts. In July 2011 we could normalise the situation.

There is also another saying that "what does not kill you makes you stronger."

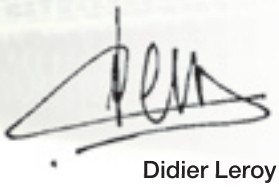
At Toyota we see crisis as an opportunity to reconsider our priorities and the way we do things. This is why we have developed a clear vision for our future. The Global Vision 2020 incorporates lessons learnt from the market downturn. It sets out our commitment to quality, innovation and environmental protection. With the passion and the belief that there is always a better way, we aim to lead the way on mobility and make cars our customers will love.

We are already beginning to see signs of recovery as sales started to pick up after the September 2010 Paris Motor Show. We ended the year by exceeding our objective of selling 800,000 cars in Europe, with an average CO_2 level of 130g/km[1].

With the new organisation of the company since April 2011 Toyota Motor Europe has been given more responsibility. We now lead the global development of Toyota's small and compact segments A, B and C.

In 2011 we will focus on improving our performance, not only in terms of sales volume and financial results, but also in terms of quality and the emission levels of our vehicles. The further roll-out of our Hybrid technology to our Toyota and Lexus product ranges will be a major contributor to achieving the latter objective. The Plug-in Hybrid – PHEV – test project in Europe, which comprises 200 cars in 18 countries, is showing encouraging results, as you will read further on in this report.

There is always a better way!



Didier Leroy
President & CEO
Toyota Motor Europe

[1] *According to JATO data*

Highlights

Earthquake, Tsunami and Nuclear Accident in Japan – Impact on European Operations

Although the Great East Earthquake in Japan resulted in a production slowdown in Europe, we were able to return to 100% production as of July 2011.
> page 3

Hybrid Sales

In 2010 we started to turn our mid-term Hybrid product strategy into sales action. The launch of Auris HSD in mid-2010 was a landmark, marking the first full Hybrid produced in Europe. Orders exceeded expectations with over 30% of Auris customers choosing Auris HSD.
> page 29

In the 2010 calendar year we sold 70,520 hybrids. From the time they were introduced in 2000 until the end of 2010 we have sold a total of 307,223 hybrids in Europe.
> page 5

Manufacturing and Logistics

One of the values of the Toyota Way is "challenge". The targets for the Environmental Action Plan in FY06 were revised to make them more challenging in FY08. Despite the severe economic downturn that occurred after this revision, our European Manufacturing Companies (EMCs) have risen to this challenge and on a consolidated basis achieved three of the six key performance indicator targets: zero waste to landfill, waste at-cost and Volatile Organic Compounds (VOCs).

Since the start of the Five-Year Environmental Action Plan in 2006, European vehicle manufacturing has decreased by 42%, CO_2 emissions from manufacturing have decreased by 24.7%, water consumption by 46%, VOC emissions by 56% and waste-to-landfill by 99%.
> pages 16-21

TMMF, one of our two sustainable plants in Europe celebrated ten years of production > page 17

Our logistics operations reduced CO_2 emissions between 5.3% and 9.5%. > pages 22-26

In 2010 we also opened a new parts centre in Spain > pages 64-65.

Stable Employment

We have made every effort to maintain stable employment for our permanent employees. The step-by-step approach that we introduced in FY08 to minimise the impact of required cost reductions continued in FY10. Despite the fact that we are in the third year of this crisis, we take pride in the fact that we have made every effort to maintain our ideology and values on how we treat our employees. While we were again forced to reduce some of our headcount, we continued to work hard to achieve this through voluntary means, supported by effective communication.

In FY10 we employed 18,644 people in our Head Office, our European Distribution Centre, our Manufacturing Companies and in our majority-owned National Marketing and Sales Companies. > pages 47-50.

Average CO_2 Levels

Our European Research and Development (R&D) team takes a leading role in developing vehicles that are tailored to the needs of the European markets in our region. For example, for the French market, our team has developed an Auris variant with a CO_2 emissions level of 114g/km. This variant meets an important CO_2 threshold and helps us to stay competitive in the compact segment. > page 12

In 2010, we achieved average CO_2 emissions of our vehicles sold of 130 g/km (based on JATO data).

Plug-in Hybrid

The European PHEV project is part of a global Toyota project involving 600 Prius Plug-in Hybrid Vehicles that are being tested in Japan, the US, Canada and Australia. The European project is leasing 200 vehicles to selected partners and customers in 18 European countries who will road test the vehicles. Toyota's main objective is to further investigate the technology and performance of the PHEVs with respect to the consumers' needs for future vehicle development. Results so far (fuel consumption):

- 36% less than best-in-class diesel vehicle of comparable size
- 49% less than best-in-class petrol vehicle of comparable size

> pages 13-15.

Quality & Customer Satisfaction:

The Verso was awarded safest MPV by EuroNCAP, Lexus AMS Best Car of 2011 and Most Reliable Car by Which Car.

Our customer satisfaction survey was launched in 2006 and to date, more than two million customers have told us about their experience with Toyota. Since its launch, the overall satisfaction with Toyota retailers has improved on average by about 21% points in sales and 14% points in after sales. > page 44

Expanding the Full Hybrid Family - Hybrid at TMMF

In 2010 we announced the start of production of Yaris Hybrid. Our French sustainable plant in Valenciennes will roll out the Yaris HSD in the second half of 2012.
> page 30.

Key Figures

ENVIRONMENTAL PERFORMANCE	FY06	FY07	FY08	FY09	FY10
ISO14001 certified European Manufacturing Companies (EMC)	7	7	7	7	7
ISO14001 certified National Marketing & Sales Companies (NMSC)	21	22	26	28	28
ISO14001 certified Parts Distribution Centres (PDC)	13	13	14	14	14
ISO14001 certified Vehicle Logistics Centres (VLC)	7	8	9	9	9
EMC energy usage (kWh/vehicle produced)	1,332	1,356	1,495	1,442	1,706
EMC CO_2 (kg/vehicle produced)	386	417	443	419	501
EMC total CO_2 emissions (1,000 tonnes)	311	339	261	228	234
EMC water usage (m^3/vehicle produced)	2.2	1.98	2.11	1.90	2.07
EMC Volatile Organic Compounds (g/m^2)	25.6	19.9	18.9	18.4	18.5
EMC waste-to-landfill (kg/vehicle produced)	9	5	0	0	0
EMC number of fines	1	0	0	0	0
EMC number of prosecutions	0	0	0	0	0
EMC number of complaints	1	0	1	0	0
CO_2 emissions – Production Parts Logistics (1,000 tonnes)	100	103	87	72	61
CO_2 emissions – Vehicle Logistics (1,000 tonnes)	84.5	82.3	75.6	53.2	52.8
CO_2 emissions – Service Parts Logistics (1,000 tonnes)	72.9	52.1	48.4	44.2	43.8
CO_2 emissions – average Toyota vehicles sold in EU-27 (gCO_2/km)	170	151	145	132	130 [1]
Remanufactured parts sales (units)	56,200	58,381	63,635	58,601	59,640

SOCIAL PERFORMANCE	FY06	FY07	FY08	FY09	FY10
Employment (direct) – Head Office, NMSC, Logistics	6,812	7,432	8,496	4,587	4,175
Employment (direct) – EMC	15,363	18,920	18,702	15,464	14,469
Gender distribution - % of women in Head Office, NMSC, Logistics	28	26	28	32	29
Gender distribution - % of women in EMC	7	10	9	11	11.5
Injury frequency rate – EMC (no. of lost-in-time injuries x 1 million / no. of hours worked)	2.7	3.0	3.0	2.2	3.3
Injury frequency rate – Head Office, Zeebrugge, Zaventem (no. of lost-in-time injuries x 1 million / no. of hours worked)	0.1	0.7	0.3	1.1	1.1
Injury frequency rate – Regional Parts Centres and Toyota Parts Centre Europe (no. of lost-in-time injuries x 1 million / no. of hours worked)	-	35.3 [2]	28.6 [2]	27.3	24.9
Suppliers – purchased European content of core models (%)	>90	>90	>90	>90	>90
Social contributions – total amount (million €)	9.6	10.5	7.8	4.2	4.99
Social contributions - % of total spent on social contributions linked to education, safety, environment	62	62	66	69	73

ECONOMIC PERFORMANCE	FY06	FY07	FY08	FY09	FY10
Net revenue (million €)	23,615	24,651	20,925	16,390	17,535
Operating income (million €)	916	874	(995)	(252)	116
Vehicles produced	807,134	814,093	589,794	544,050	465,868
Engines and transmissions produced	1,135,125	1,396,106	1,210,913	1,108,694	1,072,643
Total sales Toyota & Lexus vehicles (calendar year)	1,124,000	1,233,807	1,112,021	882,351	808,311
Hybrid sales (calendar year)	36,016	48,958	57,819	55,456	70,520
Market share (%)	5.8	5.6	5.3	4.9	4.4
Investments since 1990 (billion €)	>6	Almost 7	>7	>7	>7

[1] *According to JATO data*
[2] *Extrapolated*

Table of Contents

Vision & Strategy

We have sketched the outlines of the kind of company we want to be. We have identified the values we want to cherish. Our vision is thus a qualitative rendering of our ideal for Toyota and the path we will take towards bringing about this ideal.

Akio Toyoda

Akio Toyoda
President
Toyota Motor Corporation

Global Vision

Rewarded with a smile by exceeding your expectations

Toyota's new Global Vision 2020 comprises three main pillars:

1. Lead the way to the future of mobility, which is our core business
2. Commit to quality, innovation, environmental protection and by doing so, make cars that people love
3. Engage our people's energy and passion to "Always Find a Better Way."

Europe's Regional Mission

"One of the key aspects of the Global Vision is that we are moving towards a more region-based structure. For the Europe region this means we will become a global product centre for cars in the small and compact segments. Europe is the most competitive automotive market in the world and rather than shy away from it we want to use our presence here to improve our competitiveness. Toyota Europe is now clearly in charge of its own future."

Didier Leroy

Didier Leroy

President & CEO
Toyota Motor Europe

Managing Officer
Toyota Motor Corporation

Whereas in the past many functions reported directly to the global headquarters, we realise that we must rely on each region's presence locally to lead the way to a sound business strategy that is appropriate for that region.

At Toyota we look at the long term rather than the short term. We believe that our presence here is an investment in local communities and economies, and that our customers and stakeholders will recognise that.

Governance Structure

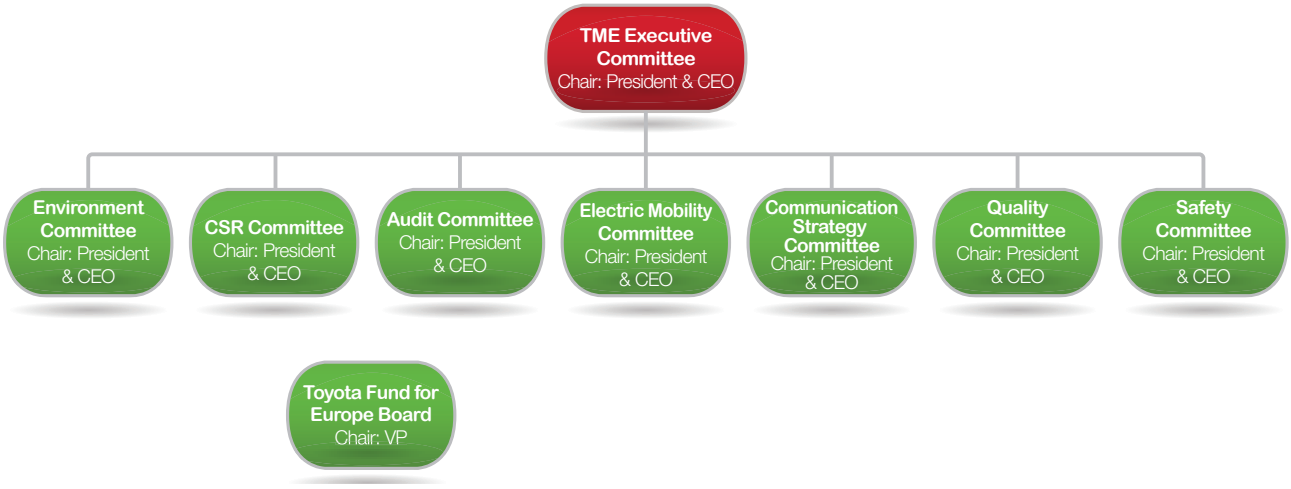
About Toyota Motor Europe's Board of Directors

The Board of Directors of Toyota Motor Europe is made up of six members, all of whom are executive directors. The company has processes in place to ensure there are no conflicts of interest. These processes are consistent with the Company Code of Conduct and include the obligation to disclose conflicts of interest.

The directors of Toyota Motor Europe are selected based on their qualifications, experience, performance and industry knowledge and are appointed by Toyota Motor Corporation. Senior executives of Toyota Motor Corporation, the sole shareholder of Toyota Motor Europe, review the performance of directors and of the Board as a whole. Executives are compensated according to industry rates and performance.

Governing Committees

Our governing committees help set our strategic direction and monitor progress in reaching our goals. One of the tasks of the committees is to lead our environmental and social performance. Each committee has cross-functional representation.



Environmental Performance

We continuously strive to achieve a more sustainable future by listening to our stakeholders and searching for the most appropriate mobility solutions in Europe.

Michel Gardel

Michel Gardel
Vice-President
Communication, External
& Environmental Affairs

Toyota's Global Vision 2020 states that we want to lead the way on sustainable mobility, to find the most responsible means of moving people in a safe and environmentally-friendly way.

Stakeholders from the car industry, energy providers, governments and customers need to act together to achieve the goal of sustainable transport. We focused on the need for this Integrated Approach in our 2010 Sustainability Report and this year the message remains the same.

We discussed and confirmed our policy position on the Integrated Approach at the European Business Summit 2010. This is an annual gathering of leading European politicians, business leaders and opinion influencers. The theme, "Putting Europe back on track," focused on economic recovery and clean technologies.

During the 2010 Summit, we held an environmental seminar on the importance of sustainable mobility which featured guest speakers Mr Jos Delbeke (Director General for Climate Action at the European Commission) and Mr Serge De Gheldere (Ambassador for Al Gore). Our determination to support the aim of reducing GHG emissions in the transport sector was expressed at the Summit.

We also delivered a keynote address on the green economy as part of a panel discussion with HRH Prince Friso van Oranje, Mr Janez Potocnik (European Commissioner for Environment), Mr Marc Grynberg (CEO Umicore) and Mr Tony Long (Director, WWF).

Toyota Motor Europe and Toyota Belgium used this event as an opportunity for the handover of PHEVs to our Belgian partners. Finally, the guests were shuttled back to their residences by 22 Prius vehicles.

In addition to these activities, we continue to develop and deploy more efficient cars and technologies such as Full Hybrid Electric Vehicles, Plug-In Hybrid Electric Vehicles, Electric Vehicles and Fuel Cell Hybrid Electric Vehicles. And we are developing business models and information technology solutions to improve the use of charging infrastructure.

Cities will play a critical role in achieving sustainable mobility, not least because the majority of people live in urban areas. Our focus for the future is to help cities achieve their air quality targets and reduce CO_2 emissions. One such initiative is described on page 58 in this report.

Measuring Environmental Performance

The First Environmental Action Plan FY06-FY10 was completed at the end of FY10. The information below summarises our achievements in FY10 and also highlights results over the 5 years since the plan commenced in 2006.

PRIORITY AREA	2010 ACHIEVEMENTS	RESULTS SINCE 2006
Reduce CO_2 emissions and increase fuel efficiency	1. Average CO_2 emissions: 130g/km [1] 2. Hybrid mix: 8.9%	1. Average CO_2 emissions reduced from 162g/km to 130g/km [1] 2. Hybrid mix increased from 2.3% to 8.9%
Contribute to a recycling-based society	Full compliance with EU Directive 2000/53/EC on end-of life vehicles (ELV)	Continued to push for harmonised legislation among EU member states, using the same methodology for quota achievement calculations, raising concerns about illegal operators and requesting the enforcement of the landfill ban
Promote management and reduction and/or elimination of substances of concern	Full compliance with Annex 2 for ELV Directive, with REACH and CLP regulation	Continued phase-out of substances of very high concern
Use ISO14001 as the basis of our environmental management system	1. Early in 2010 (FY09) National Marketing and Sales Companies: added Turkey and Kazakhstan 2. Re-certification audit conducted for all TME operations without any major non-conformance	1. From 19 to 28 NMSCs (out of 30) – still to add is the Caucasus region and Ukraine 2. From 16 to 26 sites included in the scope of TME's ISO14001 certification

Second Environmental Action Plan FY11 – FY15

Our society is increasingly confronted with the impact of climate change. As a responsible company, we need to address carbon dioxide emissions, air quality, resource efficiency, chemical substances and recycling. This forms part of our roadmap to 2020, and is aligned to the EU ambition to decarbonise road transport in the long-term.

Our new Five Year Environmental Action Plan puts in place initiatives to work towards these aims. It is based on legal and regulatory compliance, efficiency improvements, the Toyota global direction, and our quest to continuously demonstrate environmental leadership.

The plan offers a framework to ensure one company direction and is built around four pillars:

1. To become a low carbon company in a low carbon society
2. To optimise resource management
3. To enhance environmental protection
4. To have an efficient environmental management system in place.

This plan focuses on full hybrid technology becoming the mainstream technical solution for all core models which will reduce emissions and dependency on fossil fuels. We will continue to improve vehicle and fuel technology to achieve the best fuel economy, the best CO_2 levels and the best air quality levels in the industry.

Resource efficiency is also a focus of the plan. This means reducing the use of energy and emissions at all operations and reducing water, waste and packaging, while optimising the recycling of primary materials. Targets are based on continuous improvement and efficiency gains.

[1] *According to JATO data*

Sustainable Development towards a Low Carbon Economy in the EU

"We are pleased to include this contribution from Herman Van Rompuy, President of the European Council, on his thoughts on what sustainable development in Europe should entail."

Piet Steel

Herman Van Rompuy

President of the European Council together with Didier Leroy, President & CEO of Toyota Motor Europe

"The recent tragic events in Japan showed us how important global debates on energy are. In the light of these events, I should like to express my sincere condolences to all those affected.

Energy, climate change and green growth are major topics for the European Union. They are of great strategic importance for the EU and truly linked with its competitiveness.

That is why I have decided to discuss these topics at the highest political level in the European Council. The choice for sustainable growth is one of the key pillars of the EU economic strategy for 2020.

In the field of climate change, the EU has been a pioneer in developing ambitious climate policies that give the right incentives to the market. In 2009, ambitious targets were set. Two of them are binding: reducing greenhouse gas emissions with 20% by 2020 and increasing the share of renewable energy in the EU's energy mix to 20% by 2020. Today these targets are fully on track. The non-binding target to achieve 20% more energy efficiency by 2020 is currently not on track. In order to reach this target, leaders agreed at the European Council of 4 February 2011 to undertake all necessary efforts.

The need to tackle climate change in line with the 2°C goes far beyond 2020. That is why the EU supports a 2050 objective to lower emissions by 80% to 95% in the context of necessary reductions by developed countries as a group. The recent Commission Communication on the low carbon roadmap towards 2050 gives an overview of the challenges at stake and possible intermediate steps. Further changes of our transport, our buildings, our households to make them more 'green' will be necessary if we want to achieve this goal.

To create a low carbon and resource-efficient society, the necessary investments and market incentives are needed. That is why leaders agreed at the February European Council to further promote investment in low carbon technologies and asked the Commission to table new initiatives on smart grids and green vehicles. With a view to reducing emissions from transport, a number of actions have already been taken by the EU over the last number of years, but an ongoing focus will be needed.

Companies remain driving forces of the path towards sustainability. Without their cooperation, targets would remain just that: targets. However with their cooperation, we can really reach the goals. I wish to thank Toyota for its support of European policies. Car industry will remain to play a crucial role here.

I am deeply convinced that Japan and its citizens will find the way back towards hope and recovery. The EU remains ready to give its full support."

Herman Van Rompuy
President of the European Council

Research & Development

Masahisa Nagata

Executive Vice-President
Toyota Motor Europe
R&D and Purchasing

Managing Officer
Toyota Motor Corporation

Masato Katsumata

Senior Vice-President
Research & Development

"The time has come for us to deliver and act upon the promises we made and to take responsibility for developing vehicles that suit our European customers. We are focused on enhancing the product power of our locally-produced vehicles through an ongoing lifecycle management programme, to grow sales and sustain competitiveness throughout the vehicle model life."

Masahisa Nagata & Masato Katsumata

Our European Research and Development (R&D) team takes a leading role in developing vehicles that are tailored to the needs of the European markets in our region. For example, for the French market our team has developed an Auris variant with CO_2 emission levels of 114g/km. This variant meets an important CO_2 threshold and helps us to stay competitive in the compact segment.

In addition to regionally-focused activities, our R&D team has been increasingly involved in the development of our core European models. As part of the product lifecycle management programme the team is responsible for the development of the minor model changes. The first programmes started last year and initial results will be seen by the end of 2011.

For these programmes, R&D leads local European project teams, which include functions throughout our European organisation, such as our colleagues at the Toyota Europe Design Development Centre - ED², who work together to provide the best products for our European customers. The European project teams act as one European Team during these projects – from the planning and styling stage, through to the development and production stage, up to when the product is introduced into the market.

Through these projects, more decision-making power is being transferred to the European organisation, which means we are becoming directly accountable for realising results.

PHEV team (L-R): Gerald Killmann, Bart Eelen, Viktor Olsan, Michel Gardel, Muriel Desaeger, Daniel Bengio, Bart Biebuyck (Tim Thompson not in picture)

Plug-in Hybrid Demo Project

Prius Plug-in Hybrid

The next major step in Toyota's efforts to create the eco-car is the Plug-in Hybrid Electric Vehicle (PHEV): a full hybrid system, currently applied to the Toyota Prius, which combines Hybrid driving with electric-only driving. The Toyota PHEV project began in 2007 with early road trials of the prototype vehicle and in 2010 the project entered its second stage with the limited production vehicle, which will continue until 2013.

200 PHEVs across Europe

The limited production vehicle is based on the third-generation Toyota Prius. The current Prius Plug-in Hybrid trial vehicle is equipped with a lithium-ion battery and emits only 59g CO_2/km.[1]

European Trial in 18 Countries

The European PHEV project is part of a global Toyota project involving 600 Prius Plug-in Hybrid Vehicles that are also being tested in Japan, the US, Canada and Australia. The European project is leasing 200 vehicles to selected partners and customers in 18 European countries who are road testing the vehicles. Toyota's main objective is to further investigate the technology and performance of the PHEVs with respect to consumers' needs for future vehicle development.

France, the UK and Germany are at the centre of this project with 150 PHEVs which are being leased to selected fleet customers, energy companies and public bodies. The majority of vehicles are located in Strasbourg, France where the project is being run in collaboration with our partner, French energy provider EDF and the City and Urban Community of Strasbourg (CUS).

Case Study 1

[1] *New European Driving Cycle. CO_2 emissions of Prius Plug-in Hybrid are measured according to the new official international regulation for plug-in hybrid electric powertrains, as adopted by the United Nations Economic Commission for Europe.*

Best of Both Worlds

The project is nearing its one year anniversary and the interim results show that the PHEV is meeting expectations with some insights for further improvement:

- The PHEVs involved in the project have been intensively used in an urban environment and for longer journeys with an average yearly mileage of 13,180 km - in total accumulating nearly 800,000 km of driving experience
- The PHEVs are used for various types of trips:
  - Urban driving (48% of driving time at speeds under 30 km/h) and highway driving (14% of driving time at speeds above 90 km/h)
  - 35% of users complete long-distance trips (more than 100 km) at least once a week showing that PHEV offers the benefits of EV for city driving, while eliminating range anxiety for long trips
- When looking at the fuel consumption of PHEV in real-world conditions we can see some positive results:
  - 36% less than best-in-class diesel vehicle of comparable size
  - 49% less than best-in-class petrol vehicle of comparable size
- We can also see that those vehicles which are charged frequently, show greater savings in terms of fuel consumption
- Users who maximise the potential of PHEV (optimal recharging frequency in line with usage of the car) reach a fuel consumption of less than 2 l/100 km
- The 20 km, zero emission, fully electric range of the PHEV is enough to cover a significant share of the users' daily commute with two-thirds of trips under 20 km. The average trip distance was 13.9 km
- The fuel efficiency of the PHEV already shows excellent results, but we do see some variation in the results due to the utilisation of the vehicle (recharging frequency, driving style, and outside temperature).

Peace of Mind and Driving Pleasure

In terms of customer feedback, the interim results show that the vehicle provides peace of mind as well as real driving pleasure:

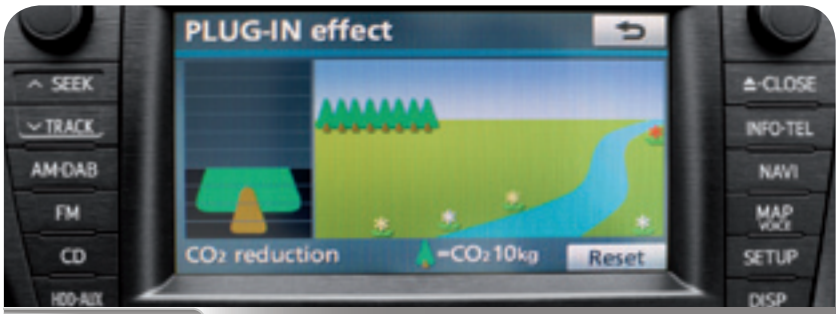
- 67% of users say their opinion of PHEV has improved since they took delivery of the vehicle (and 29% say their initial good opinion is unchanged)
- 71% think the charging procedure at home is easy or very easy
- 76% think the level of comfort is good or very good
- 82% have no concern with the time it takes to recharge the battery (around 100 minutes)
- 87% are satisfied with fuel consumption
- 93% say they have naturally adopted a more eco-friendly driving style
- 99% appreciate the silence of pure-electric driving.

What is a PHEV?

A Plug-in Hybrid Electric Vehicle (PHEV) uses Toyota's full hybrid technology. In addition, the vehicle's battery can be recharged using a standard electrical outlet. Toyota's PHEV is 'the best of both worlds': for short distances, it can be driven as an electric vehicle, resulting in nearly zero CO_2 emissions. For longer distances, the PHEV works as a conventional hybrid vehicle. The new arrival can travel 20 km on electricity alone, up to a speed of around 100 km/h, silently and with no emissions. If the battery runs empty, you don't have to worry about finding a plug to recharge – the PHEV switches automatically to hybrid mode, to continue your journey with low emissions, low fuel consumption, and excellent driving performance.

Prius Plug-in Hybrid in front of the city hall in Paris

Prius Plug-in Hybrid project in Strasbourg



PHEV display

Charging Infrastructure – Room for Improvement

The charging infrastructure plays a key role and there is an opportunity to develop the infrastructure further and to make it more readily available. Enhancing PHEV performance also requires users to change their habits. We can see from the interim results that users recharge roughly 0.9 times/day and that while the procedure to charge the vehicle remains easy, the cable ergonomics remain a concern in terms of handling.

Users need to get accustomed to charging their vehicles. This is an entirely new habit, which still appears as constraining for a few users. From the initial results it appears that charging occurs mainly at private parking charging points (91%) and at the workplace (72%). Recharging usually takes place during peak hours, at 08:00 when the users reach their workplace or at 19:00 when back at home.

There are several key learnings for the Urban Community of Strasbourg. Despite offering free electricity and convenient city parking spots, the usage of the 27 public road and public parking lot charging points was low. User surveys underline the need for clear communication on the locations of charging points and their operational status.

Looking Forward

In summary, we can see that the PHEV meets the expectations of users and provides tangible fuel savings while providing genuine driving pleasure and daily ease of use. It also encourages users to adopt a more eco-friendly driving style. Additionally we can identify some key factors to optimise environmental performance by:

- Ensuring frequent recharging, in line with usage of the vehicle
- Recharging the battery fully when recharging
- Increasing user awareness and training to allow customers to maximise the vehicle performance.

The interim results and recommendations provide valuable input towards the launch of the PHEV in 2012, with planned sales of 50,000 units globally, and 6,000 in Europe.

Case Study 1

Production

"The Fourth Global Five-Year Environmental Action Plan period is now completed and the focus moves towards Toyota's Fifth Global Environmental Action Plan covering the next five year period from FY11 to FY15. However, due to the current economic situation and unknown impact from the Great East Japan Earthquake, Toyota globally has decided to only set interim targets for the next two years with a further review in FY12."

Hiroyuki Ochiai

Hiroyuki Ochiai

Executive Vice-President
Toyota Motor Europe

Managing Officer
Toyota Motor Corporation

One of the principle values of the Toyota Way is that of "challenge". The targets originally adopted for the Fourth Global Environmental Action Plan in FY06 were revised to make them more challenging in FY08.

Despite the severe economic downturn that occurred after this revision, our European Manufacturing Companies (EMCs) have risen to the challenge and on a consolidated basis were able to achieve three of the six key performance indicator targets on zero waste to landfill, waste at-cost, and Volatile Organic Compounds (VOCs).

Manufacturing Volumes

During FY10 overall production volume decreased 14.4% to 465,868 vehicles compared with FY09. Combined unit (engine and transmission) volumes over the same period declined less sharply to 1,072,643 units – a 3.3% decline from FY09.

As in previous years, we consolidate the performance of all our individual production facilities, vehicle assembly and unit, but only vehicle volume is used for presenting our KPIs on a per vehicle produced basis. For further transparency absolute figures are presented in the table below.

Key Performance Indicators – Manufacturing

SUSTAINABILITY REPORT	2007	2008	2009	2010	2011
ABSOLUTE EMISSIONS [1]	**FY06**	**FY07**	**FY08**	**FY09**	**FY10**
Total energy usage (MWh)	1,075,240	1,103,859	881,854	784,735	794,707
Total CO_2 (1,000 tonnes) [2]	311	339	261	228	234
Total water usage (1,000 m^3)	1,782	1,608	1,242	1,035	964
Total discharged water (1,000 m^3)	1,166	1,095	845	689	603
Total VOC emissions (tonnes)	1,913	1,575	1,075	957	843
Total waste-at-cost (tonnes) [3]	26,329	23,728	15,061	11,038	10,078
Total waste-to-landfill (tonnes)	71	44	0	0.45	0.10
Legal compliance Total number of fines	1	0	0	0	0
Total number of prosecutions	0	0	0	0	0
Total number of complaints	1	0	1	0	0
Total European production volume (vehicles)	807,134	814,093	589,794	544,050	465,868
Number of plants covered by result	7	7	7	7	7

[1] *For TPCA joint venture – Toyota includes 1/3 reporting of total production volume and emissions*
[2] *This includes direct emissions from fuels and indirect emissions from purchased electricity*
[3] *All production waste which has net disposal cost (excludes scrap steel, project waste and recycled waste for which revenue was gained)*

TMMF Environment Team (L-R): Fabien Boulanger, Cyril Cauchy, Alexis Laurie and Joel Dubois

TMMF: A Sustainable Plant producing a Sustainable Car

Toyota Motor Manufacturing France (TMMF) began production in 2001. The plant was built following the Green, Clean and Lean concept. Consequently, TMMF's area size is 30% smaller for its capacity than a plant with similar activities. This allows TMMF to optimise energy consumption related to heating and on-site logistics.

Since the start of production, TMMF has made environmental conservation a priority - the plant obtained ISO14001 certification in 2002 and attained zero waste to landfill from the outset. It also achieved zero incineration in 2007, making it the first company in the North of France to do so.

Yaris Hybrid will be produced in TMMF from 2012

TMMF was chosen by Toyota Motor Corporation as a Sustainable Plant in 2007 due to its environmental performance and is considered Toyota's European benchmark for CO_2 emissions and water consumption. As a Sustainable Plant, TMMF works on three pillars:

- Eco-showcase to implement renewable energy and innovative technologies
- Eco-mind to develop members and local community knowledge about the environment
- Eco-*kaizen* to always improve its performance.

This commitment is demonstrated by the following reductions that have been achieved from 2002 until 2010 :

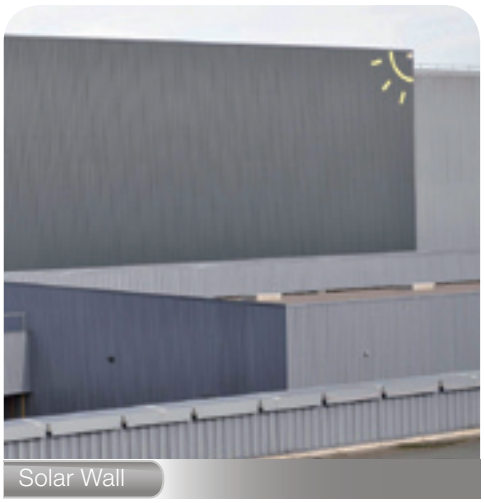
	REDUCTION FROM 2002 TO 2010
Energy (kWh/vehicle)	- 40 %
Waste (kg/vehicle)	- 50 %
Volatile Organic Compounds emissions (g/m²)	- 50 %
Purchased water (m³/vehicle)	- 70 %

Case Study 2

TMMF continuously improves its performance by aiming to reduce consumption, using more energy-efficient sources and implementing innovative technologies such as renewable energy :

Photovoltaic Membrane

- In 2009, TMMF with an investment partner, installed 1,020 m² of solar photovoltaic membrane on the logistics building roof which represents six months of TMMF's office electricity consumption delivered to the supplier network.



Solar Wall

- A solar wall at Press Shop (400 m²) was installed in 2010. The wall reduces gas consumption used for the building's heating by preheating fresh air from outside.

Rainwater Recovery Basin

- A rainwater recovery basin (6,000 m³) was introduced which collects rainwater from a yard and saves 36% of TMMF's normal use of purchased water. A planned second recovery basin will enable TMMF to increase rainwater use.

TMMF's environmental results are linked to employees' involvement and engagement. In addition, developing waste-sorting practices enabled TMMF to achieve zero incineration and 100% recycling.

Case Study ❷

All new TMMF employees receive environmental training as part of induction training, which is repeated regularly. This year, a new initiative has been launched with each production section nominating a "Green Member" who receives additional training about waste sorting, energy saving, compressed air leakage reduction and chemical storage. Once a week, the Green Member audits their section and shares improvement ideas as well as environmental performance results with colleagues.

This initiative reinforces employees' environmental awareness, develops good practices and improves TMMF's environmental performance. By sharing good environmental practices and innovative technologies, TMMF promotes environmental issues and involves the local community. For example, TMMF participates in:

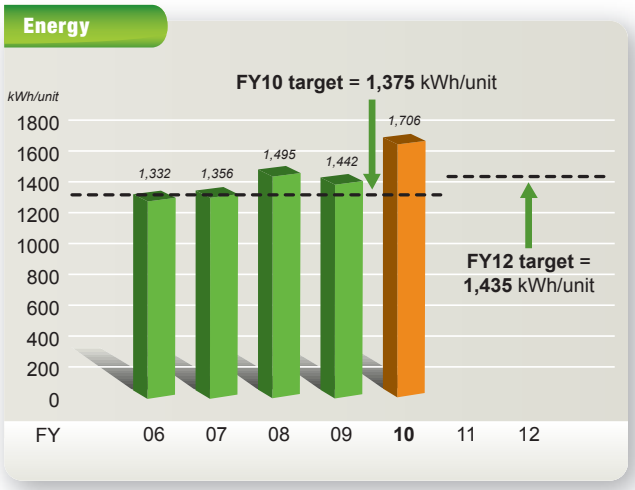
- A "Green Class" with children (TMMF received an award in 2009 from a French NGO which promotes sustainable development)
- University lectures
- Improvement of its environmental management system.

In 2012, TMMF will start to produce the Hybrid Yaris, the first Hybrid vehicle made in France: A Greener Car produced in a Greener Factory.

Manufacturing Key Performance Indicators

This section provides details of the environmental performance of our European Manufacturing Companies.

Energy and Carbon Dioxide (CO_2)

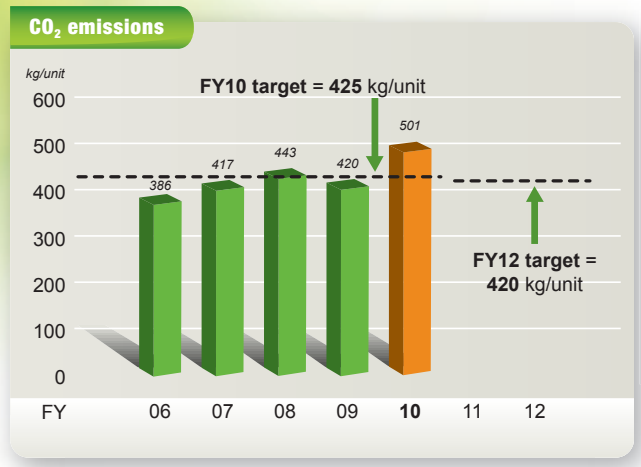


In FY10 the amount of energy (electricity and gas) required to manufacture one vehicle was 1,706 kWh which represents an 18% increase on our FY09 performance. As a direct result of the increase in energy consumption, our FY10 CO_2 emissions were 501 kg/vehicle - a 19% rise on FY09. These results mean we missed our FY10 energy target of 1,375 kWh/vehicle by 24% and our CO_2 emissions target of 425 kg/vehicle by 18%.

The main reasons for our failure to achieve our energy and CO_2 targets were:

1. The winter of 2010 was exceptionally hard and long which meant average temperature assumptions used for target setting were incorrect
2. Production volumes used for target setting were not attained
3. The European production mix in FY10 contained a higher proportion of units versus vehicles than originally envisaged.

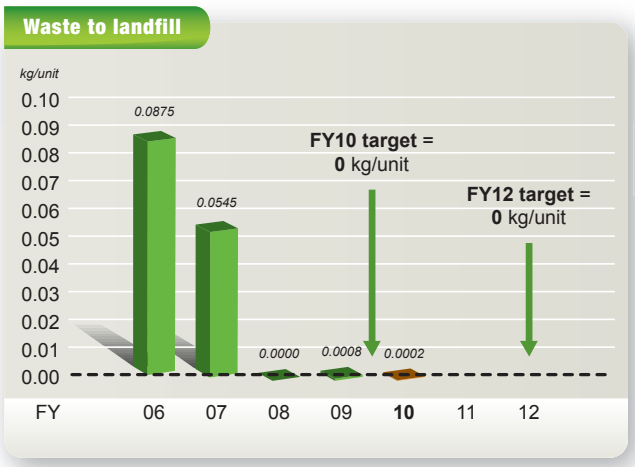
Looking ahead to FY12 our energy target is 1,435 kWh/vehicle and CO_2 420 kg/vehicle. In the coming years Toyota will focus on increasing self reliance and sustainability. For energy and CO_2, this means we will focus on reducing the amount of CO_2 by decreasing our overall usage of energy via continuous improvement and by improving our overall CO_2 efficiency by optimising our energy sources.



In terms of the European Union's Emissions Trading Scheme, TMUK-B remains our only EMC included within the current Phase II scope and continues to perform within its allowances.

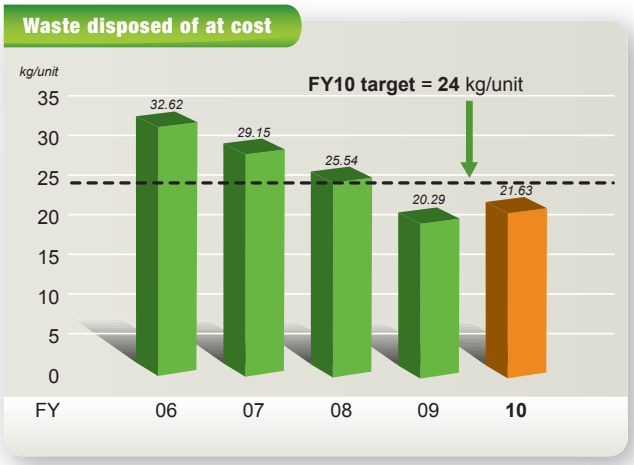
Waste Reduction

Since January 2008 all our manufacturing facilities have achieved zero waste to landfill which was a policy goal of our Fourth Global Environmental Action Plan in 2005. In FY09 and FY10 one of our manufacturing plants had a requirement to dispose of a very small quantity of asbestos, which had to be disposed of to landfill to comply with legislation. The figure would be negated by any normal rounding, but for transparency is presented here.

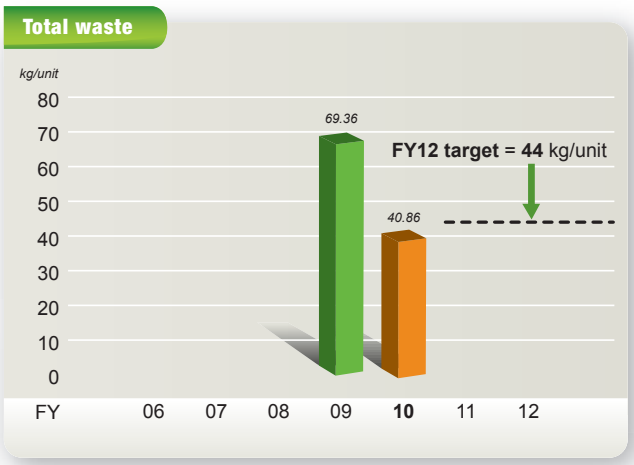


Waste which was disposed of at-cost increased by 6.6% in FY10 from 20.29 kg/vehicle in FY09 to 21.63 kg/vehicle.

Despite this upward trend (mainly due to the impact of the lower production volume) we managed to remain 10% below the revised target of the Fourth Global Environmental Action Plan.



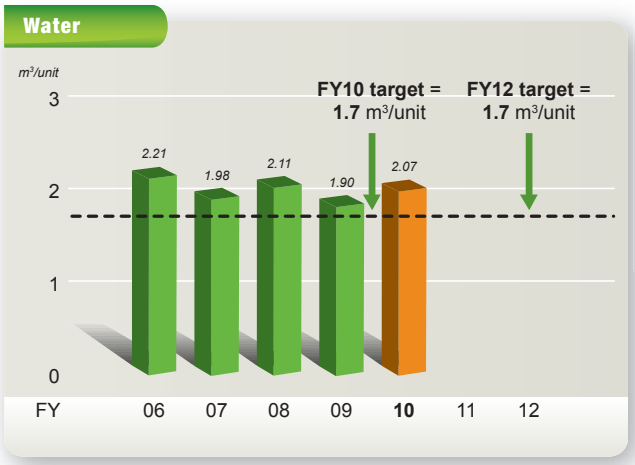
We have introduced a new KPI on total waste. This measure is not subject to market fluctuations like at-cost waste. From FY11 onwards this will be our preferred KPI for waste as we feel it is more representative of environmental impact. Total waste by definition would include any landfill waste, incinerated or treated waste, waste recycled at-cost and waste recycled/recovered at no cost. Metal engineering scrap, in-process or in-house recycling and project waste are excluded from this definition.



In FY10 total waste performance was 40.86 kg/vehicle and for FY12 a target of 44 kg/vehicle has been set. This slight increase reflects the fact that EMCs are still refining their target setting for this KPI and some limited impact from additional planned maintenance activities which often result in significant waste generation. Both our sustainable plants, TMUK and TMMF have a zero incineration policy, which means that all waste is recycled or energy is recovered from any waste that is used as a fuel substitute. Our other EMCs are also examining how to achieve this goal.

Water Usage

In FY10 the amount of purchased water, which was required to produce one vehicle in Europe, increased by 8.7% versus the previous year to 2.07 m³/vehicle, bringing us nearly back to our FY08 performance level (2.11 m³/vehicle). As a result we did not achieve our Fourth Global Environmental Action Plan target of 1.7 m³/vehicle.



The main factor in our failure to achieve our ambitious target was the early cancellation of a major investment planned in 2008, which would have resulted in significant re-use of water at our plant in Turkey. The cancellation of this investment was due to the economic climate.

Looking to FY12, we aim to reach the same target that we set ourselves for FY10, namely 1.7 m³/vehicle. To be able to achieve this target without major investments, we will focus on reducing the amount of purchased water and on decreasing our overall usage via continuous improvement.

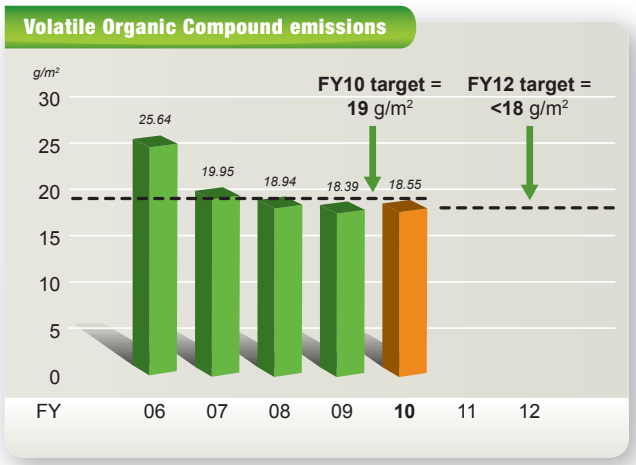
Volatile Organic Compounds (VOCs)

In FY10 VOCs contained in some of the paints used to coat the bodies of our vehicles increased by 0.9% from FY09 to 18.55 g/m². However, for the past three years, we have achieved our FY10 target of less than 19 g/m².

In absolute terms VOC emissions fell by 12% from 957 tonnes in FY09 to 843 tonnes in FY10.

As a result of significant investment in waterborne basecoat technology at our Turkish plant early on in the Five Year Action Plan, total VOC emissions have reduced by 56% from 1,913 tonnes in FY06.

For the next two years our assembly plants are focusing on implementing improvements to ensure that any materials containing VOCs are used in the most efficient way possible to further reduce our impact. Therefore in FY12 we have set a target of less than 18 g/m².



Environmental Management

All seven EMCs, whose data is presented here in consolidated form, have Environmental Management Systems (EMS) that are independently certified to ISO14001.

During FY10 we continued to support our production facilities with the ongoing implementation of Toyota-EMS. This internal standard specifies additional requirements to enhance the existing ISO14001 standard.

The basic concept of Toyota-EMS is built on 3 pillars:

1. Ensuring compliance
2. Minimising environmental risk
3. Achieving number one performance.

This is the focus and guiding philosophy of all Toyota's environmental activities globally.

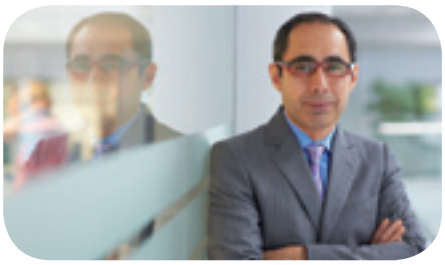
Logistics

Takanobu Kubo

Vice-President
Strategic Production Planning &
Production and Logistics Control

"We have implemented an internal organisational change aimed at more synchronised activity all through the supply chain from customers' orders up to delivery to customers. Another purpose for this change is to further enable us to continue our efforts in being an environmentally-friendly company."

Takanobu Kubo



Levent Yuksel

Director
Production Parts Logistics &
Vehicle Logistics Group

"With the integration of production parts and vehicle logistics teams, we take a holistic approach to responsible logistics across the supply chain to deliver a better service to our customers. Such synergy enables us to share best practice while challenging ourselves to develop innovative solutions to reduce emissions.

We are focusing on :

- *Network and resource optimisation to reduce distance travelled*
- *Shifting our modes of transport to reduce CO_2 emissions*
- *Energy and waste reduction in our hub and cross-dock operations."*

Levent Yuksel

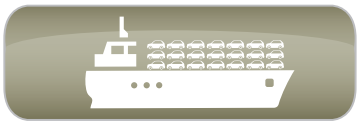
Jonathan Ballard

Director
Parts Supply Chain Group

"Our group manages the procurement, storage and distribution of accessories and spare parts for Europe. It is our responsibility to ensure the availability of parts for every vehicle that is on the road in Europe, regardless of age or origin. To do this we maintain relationships with all current and previous suppliers in Europe and we co-ordinate the exchange of parts across Toyota's global After Sales network. The main environmental impact of our operations come from transportation, warehouse operations and the packaging of parts."

Jonathan Ballard

Production Parts Logistics
The collection and distribution of parts from suppliers to manufacturing plants



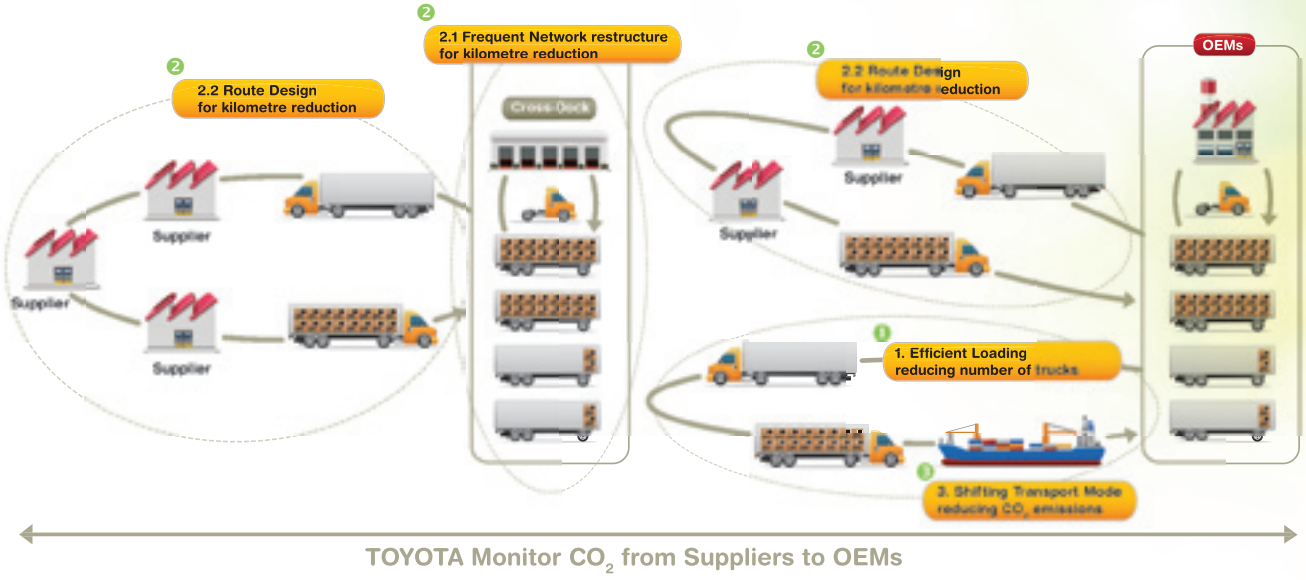
Vehicle Logistics
The import and export of new vehicles and customising of individual orders

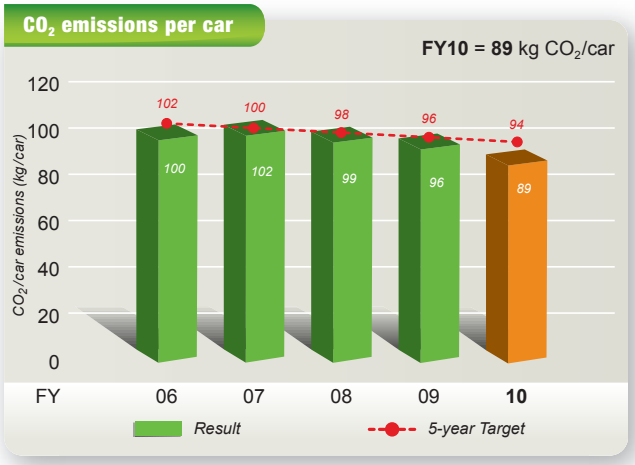
Service Parts and Accessories Logistics
The distribution of spare parts and accessories to retailers

Production Parts Logistics

Our Production Parts Logistics Department (PPLD) has developed and consistently maintains its network to support low CO_2 emissions. To tackle CO_2 emissions during transportation activities, the department focuses on three core aspects:

1. Increasing the loading efficiency of trailers
2. Reducing kilometres travelled between suppliers and OEM by restructuring the network when required and by route design each month
3. Shifting transport mode from road to train and/or vessel.

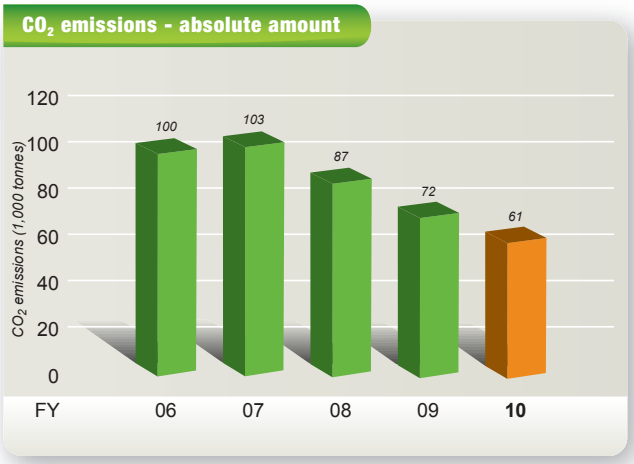


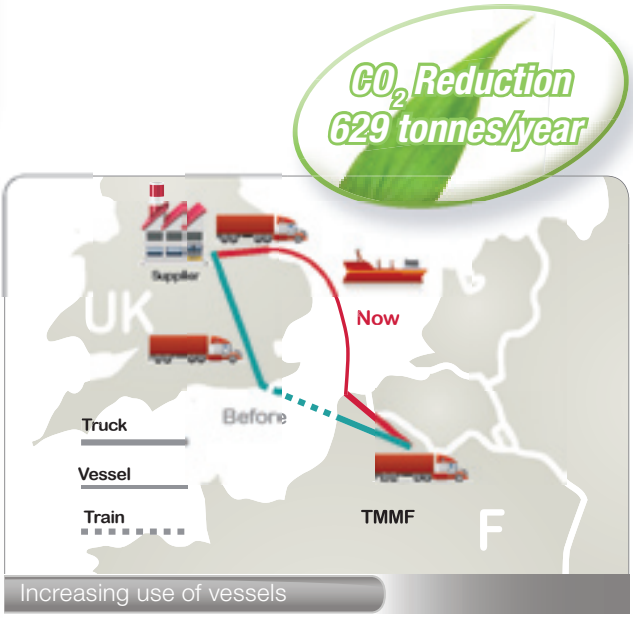


Reducing Emissions

In FY10 PPLD achieved its environmental performance target by reducing CO_2 emissions by 5kg per vehicle from 94kg to 89kg.

One of the contributing factors to this reduction was the increase in the use of shipping vessels. For example, we used vessels to supply parts from the UK to France minimising truck travel. This saves 1,700 km a day, reducing CO_2 emissions by 629 tonnes per annum.





Vehicle Logistics

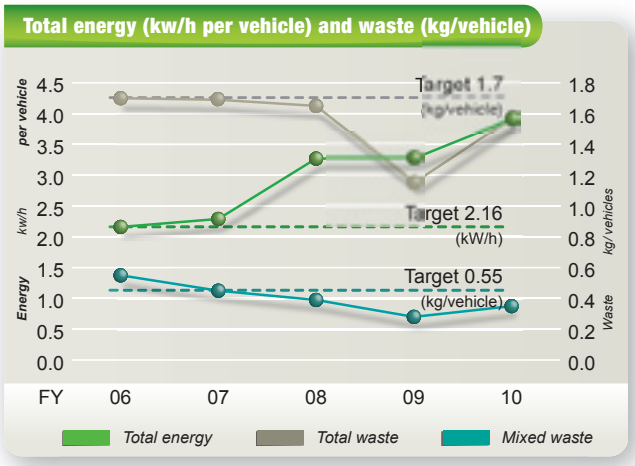
The environmental focus for our Vehicle Logistics Group (VLG) centres on:

1. Ensuring all vehicle logistics hubs maintain their ISO14001 certification
2. Managing the use of energy and limiting waste generation in all of our vehicle logistics hubs including handling, storage, trans-shipment and vehicle preparation (accessory installation)
3. Maximising CO_2 efficient transport modes (e.g. vessel/rail) and minimising overall distance covered.

Our Vehicle Logistics Group maintains its ISO14001 accreditation throughout its European operations, giving confidence locally and nationally that we and our logistics partners are fully meeting enviromental requirements.

Energy and Waste

Each hub closely monitors and improves where possible its performance via specific KPIs relating to energy and waste.



VLG have now completed the 1st 5yr Environmental Action Plan (FY06-FY10) and when evaluating actual performance versus targets, waste targets were achieved. Total waste per vehicle handled* was reduced by 8% and mixed waste by 55%.

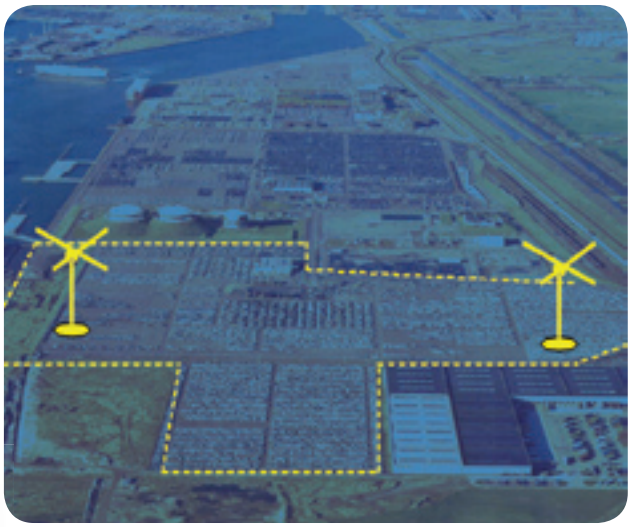
This has been achieved through improved waste management and correct use of waste streams available to maximise recycling. Concerning energy the target was not achieved and usage actually increased by 45%, due to a decrease in vehicles handled, severe winter and additional sites added since 2006.

New targets have been set for the coming 5yr period with the aim to reduce energy, waste & water through continued *kaizen* activities in all VLG hubs.

Installation of Windmills in the Zeebrugge Terminal

The installation of two wind turbines at the Toyota vehicle terminal is the first phase of a comprehensive wind energy project in the port of Zeebrugge, Belgium.

The project, which is being developed by Evelop (Wind Energy Project Development company), will generate a capacity of 17GW/hr per year. This represents 30 times the energy consumed by the hub and is due to be launched in 2013.

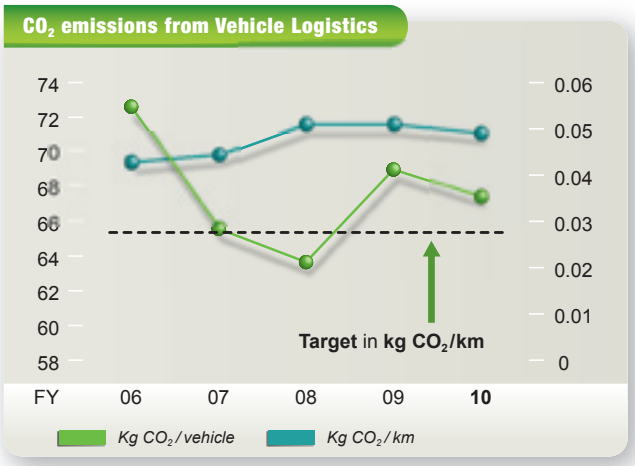


CO_2 Emissions from Vehicle Logistics: Transport

We were able to reduce our CO_2 emissions in FY10 by:

- Increasing the use of vessel (63% vs 58% in FY09)
- Shortening the distance travelled.

We did not however meet our target for reducing emissions to 0.051kg CO_2/km. We will therefore focus on CO_2 efficiency to help us reach this target by, for example, examining truck standards and ecodriving.



* *Vehicles PD led - Pre Delivery Inspected.*

Service Parts and Accessories Logistics

Our Parts Supply Chain Group (PSCG) includes one central warehouse in Belgium and 13 regional depots in Europe. We have faced many challenges over the past few years and are working to further strengthen our supply chain strategy to avoid unpredictable demand and delivery. These efforts will result in cost reduction, an increase in service efficiency and environmental improvement. The three main environmental impacts of our operations are:

- CO_2 emissions from transportation
- The environmental impact of our warehouses
- Packaging materials.

CO_2 Emissions from Transport

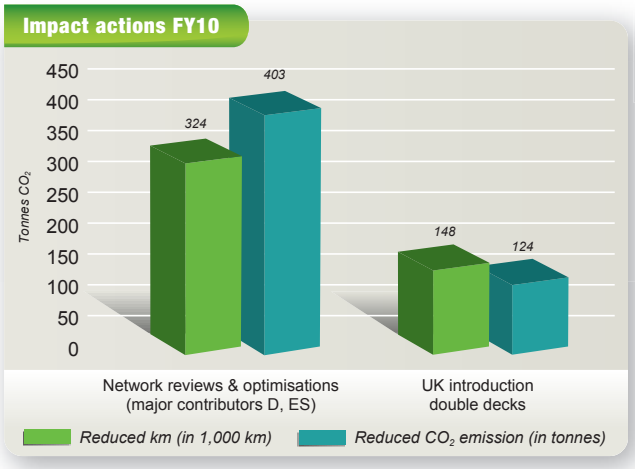
In FY10, the PSCG succeeded in further reducing CO_2 emissions by continuing and, where possible, intensifying activities already started in FY09 and before.

While the warehouse operations division continued to focus on improving case and truck density, the transportation department encouraged logistics partners to switch to cleaner truck engines, reviewed the retail distribution network and continued the modal shift from road to rail and sea. The overall result of CO_2 emissions of 0.455kg/km is well below the FY10 target of 0.466kg/km.

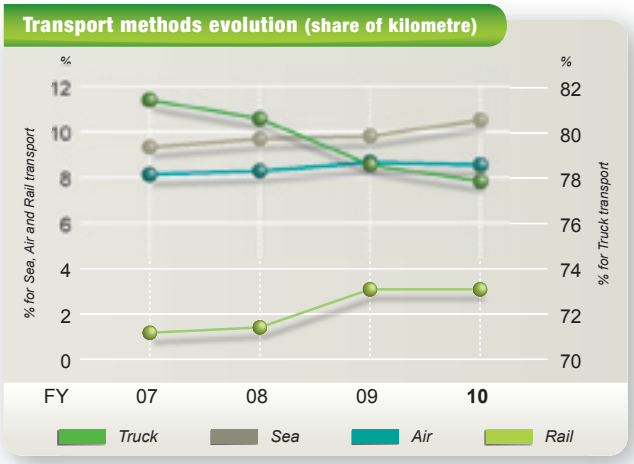
MANAGING CO_2 EMISSIONS	FY06	FY07	FY08	FY09	FY10
Total CO_2 emissions (tonnes)	46,429	52,062	48,434	44,175	43,793
CO_2 emissions (kg/m³ transported)	15.30	16.18	15.31	15.14	14.70
CO_2 emissions (kg/km transported)	0.516	0.520	0.491	0.472	0.455

The main reasons for this achievement include:

- The switch from Euro3/4 engines to Euro4/5. Until FY09, 72% of the mileage by road in international trucking was driven in Euro3 trucks. In FY10 only 32% was driven by Euro3 type engines. In FY10, the Euro4 increased from 20% up to 40% and Euro5 from 8% to 28%.
- The review of the retail distribution network in Germany and Spain. This led to changes resulting in more efficient line-hauls (-403 tonnes CO_2 per year). In the UK at the end of 2010 we started using double-deck trailers for the line-hauls from the depot to the platforms (-124 tonnes CO_2 per year):



- The modal shifts from road to rail and sea implemented in 2009 have been continued and intensified where possible. The mileage by road is still decreasing but is less pronounced than in 2009.



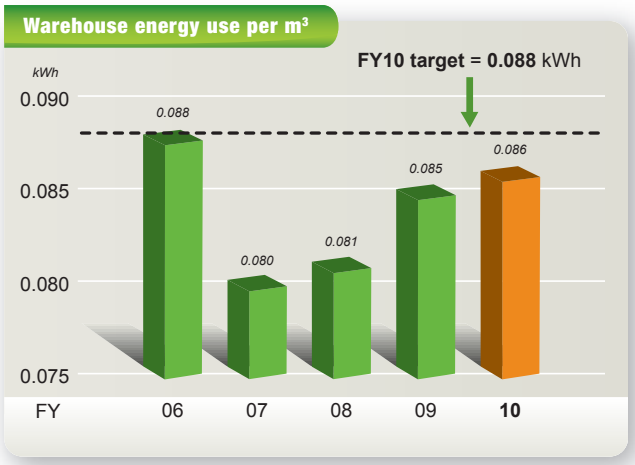
We will continue to make improvements by further reviewing our network and by increasing the use of environmentally-friendly trucks.

Environmental Impact of our Warehouses

All of our 14 Parts Distribution Centres (PDCs) are certified to the ISO14001 environmental management standard. The key environmental aspects we track are energy consumption and waste management.

Energy Consumption

Yearly targets are set for the PDCs in the Environmental Action Plan covering Fiscal year 2011 to 2015. To achieve the targets, all PDCs need to focus continuously on how to reduce energy consumption and avoid general waste.



Small and bigger projects contributed to reach the target. To reduce electricity and gas consumption we focus on employee awareness, monitoring systems, relighting, HVAC and heating control. On top of that we study possible additional renewable energy installations for the future. Our Toyota Parts Centre Europe (TPCE), located in Belgium, benefits already for more than 1 year from the solar panel installation on the warehouse roof. In FY10, this installation has covered 16.5% of the total energy demand of TPCE.

Waste Management

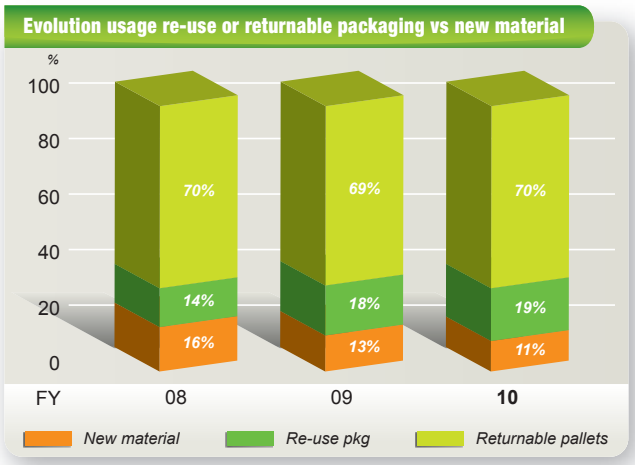
All PDCs worked hard to achieve zero waste to landfill, which meets the target set out in our Five Year Environmental Action Plan. Optimisation projects to increase re-use, sorting and recycling are crucial in daily activities to avoid general waste. Each year the targets are set tighter.

Reducing Packaging Material

We have explored ways of reducing packaging material across the supply chain – from suppliers to the PDC and up to retailers, with a focus on reducing individual packaging and optimising logistics packaging.

Actions taken in FY10 include:

1. Individual packaging reduction of 12 tonnes. We have continued to enhance our data collection to support packaging declarations by National Marketing and Sales Companies to their local authorities
2. The introduction of returnable packaging between nine suppliers and the PDC. We have been optimising the re-use of supplier logistics packaging to avoid the purchase of new materials and disposal at the PDC
3. Use of returnable packaging between the PDC. 89% of packaging material is either returnable or is re-usable packaging.



Toyota

Miguel Fonseca

Vice-President
Sales Business

"Over the past 12 months, we experienced the benefits of an extremely loyal customer base. Our customers rewarded us with their trust in turbulent times. This is the result of the relentless commitment to quality and customer satisfaction, delivered by Toyota and Lexus retailers across Europe. Retailer sustainability is a foundation of the Toyota business model. Thanks to this foundation, Toyota can positively contribute to society through engineering and manufacturing high-quality, innovative vehicles that customers aspire to own."

Miguel Fonseca

Guillaume Gerondeau

Vice-President
Product Planning & Marketing

"Demand for Hybrid technology is rapidly increasing. More and more customers understand the functional and emotional benefits of Hybrid. With the experience of over three million cars on the road, we reached a level of mass affordability. So it was time to bring Toyota's Full Hybrid Technology into Europe's most popular car segment. With unique emotional and functional benefits combined with best-in-class total cost of ownership, the new Toyota Yaris HSD offers a winning proposition."

Guillaume Gerondeau

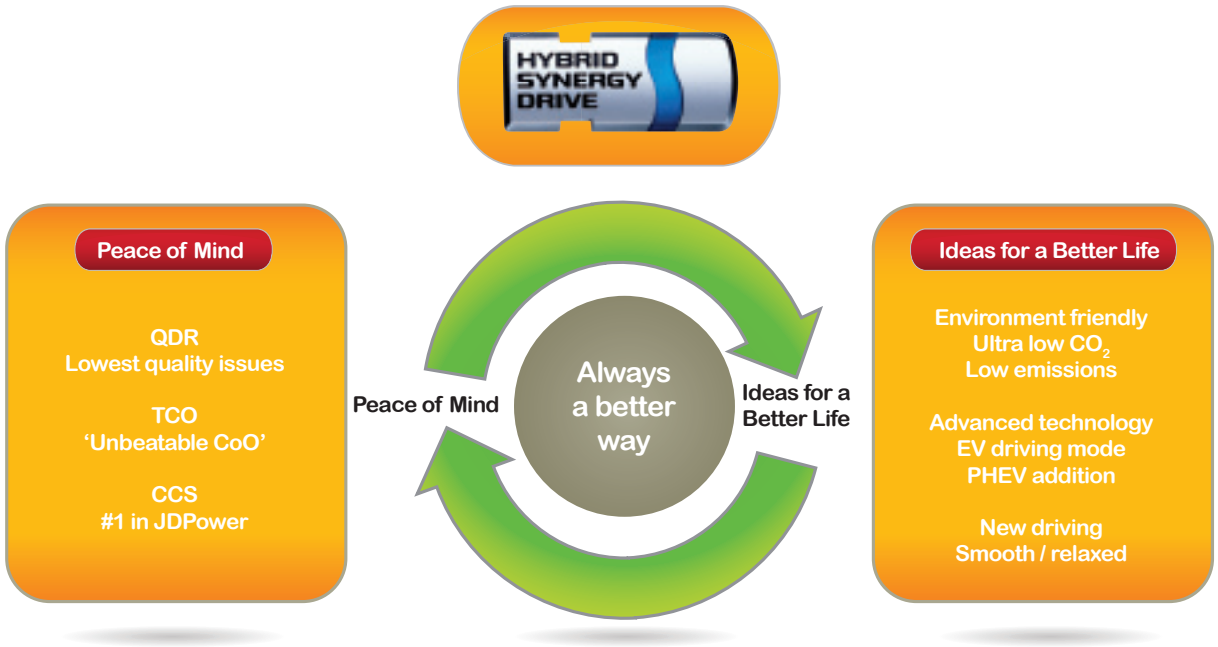
Hybrid Task Force of Product, PR, Marketing and Consumer Research (L-R): David Brimson, Frank Okoisor, Serge Gachot, Wassim Kanoun, Fabio Capano, Robert Tickner, Frank Winter.

2010-2012: The Popularisation of Hybrid Technology

The new Toyota brand definition – "Peace of Mind and Ideas for a Better Life" - clarifies the link between our brand elements in the past, present and future and our Hybrid product strategy.

Brand and Hybrid in Synergy:

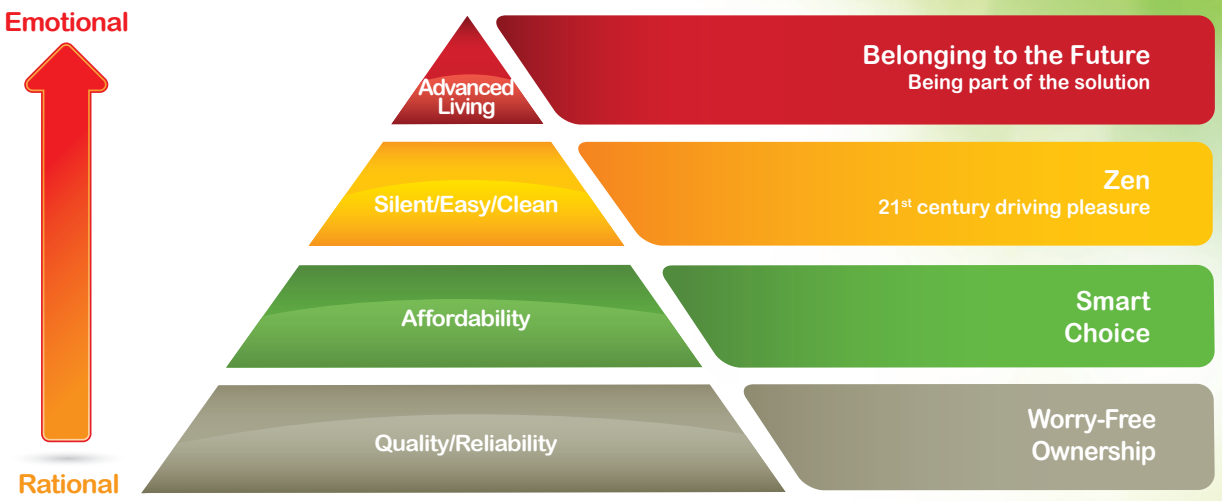
The new Toyota brand model builds a bridge from our roots into the future - Hybrid is a perfect fit.



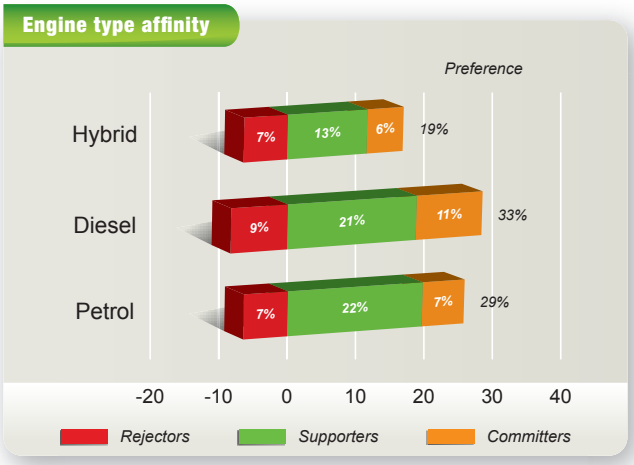
Based on this vision, we have defined the core rational and emotional benefits of our Hybrid Synergy Drive (HSD) technology. Over the next five years we see ourselves on an educational journey with our customers and the automotive industry.

KEY

QDR = Quality Durability Reliability
TCO = Total Cost of Ownership
CCS = Complete Customer Satisfaction



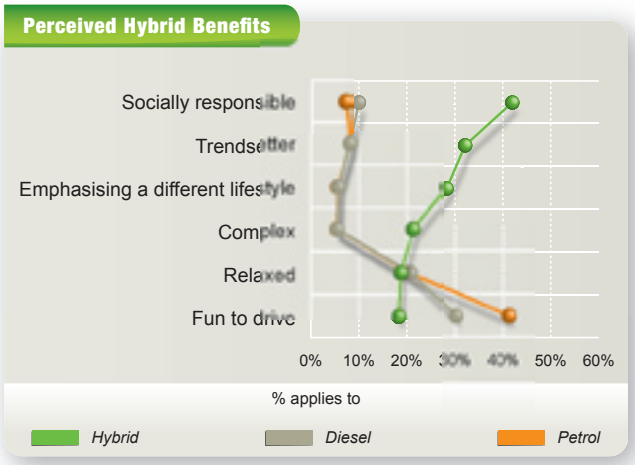
Our latest research shows that there is growing acceptance for Hybrid technology.



Almost one out of five new car buyers would prefer a Hybrid powertrain in their next vehicle, one third of them would change their make and model preference to ensure their next car is a Hybrid (Committers).

Source: Toyota Hybrid Affinity Study 2010

The social and emotional benefits of owning and driving a Hybrid over a conventional engine start to become more clear among the car-buying population.



Even without personal driving experience of Hybrid vehicles, many European car buyers are beginning to understand the social and emotional benefits of a Hybrid powertrain.

Source: Toyota Hybrid Affinity Study 2010

In 2010 we started to turn our mid-term Hybrid product strategy into sales action. The launch of Auris HSD in mid-2010 was a landmark, marking the first full Hybrid produced in Europe. Orders exceeded expectations with over 30% of Auris customers choosing Auris HSD.

We listen to our customers and their feedback is encouraging. In an Early Buyers Survey, Auris HSD owners confirm that Hybrid is more than a way to save fuel and reduce CO_2 emissions. They say that driving a Hybrid also creates a more relaxed atmosphere in the car and on the road.

In the compact segment, customers demand space and versatility, while wanting a compact and attractive vehicle. "Compact" used to be synonymous with "simple and frugal." However, the Yaris HSD delivers on all of the above virtues and has, what we believe it takes to become the best-selling Toyota Hybrid model in Europe.

"We have understood!"
Auris HSD customers confirm the emotional benefits of driving a Full Hybrid model.

Source: Toyota Auris Early Buyers Study 2011

The next step in Hybrid popularisation made its debut as a concept car at the Geneva motor show in March 2011. The Yaris HSD will be the first model to bring HSD technology into the heart of the European car market: the so-called B-segment with almost 5 million annual sales.

Guillaume Gerondeau, VP Product Planning and Marketing: "*Introducing the Yaris HSD in the second half of 2012 is the next step in our full hybrid roll-out. This car will be produced in our Valenciennes plant in France – which signifies our commitment to our European operations.*"

Further, we will introduce two additions to the Prius family. The Prius Plus will be the first full-Hybrid MPV in Europe. With its 7-seat configuration, the Prius Plus is the most fuel-efficient way to transport a family of this size in a passenger car.

Following its successful field test with 200 vehicles since early 2010, we will launch our most advanced passenger car yet to a less limited audience: The Prius PHEV (Plug-In Hybrid-Electric Vehicle) will debut during 2012. Compared to its trial-project predecessor, the new version will be improved in many aspects: it will be lighter, quicker, offer more boot space, have a longer EV range and – most importantly – reduce CO_2 emissions even more.

We have now more than three million cars on the road equipped with Toyota Hybrid technology. This allows us to create Hybrids that are affordable for a wide range of customers. Their real financial benefit will be shown over time in the cost of ownership. This includes low fuel consumption, but also low maintenance cost and a high residual value.

Be prepared: In early 2011, we announced new additions to our Hybrid family in a European-wide communication campaign.

Sales Strategy

In 2010 Toyota achieved 130 g/km[1]. This was made possible by using our innovative technologies such as Toyota Optimal Drive, and by the expansion of Hybrid technology into core models.

Due to the use of Hybrid powertrains in our core models, we expect to continue to reduce CO_2 emissions, and to reduce emissions of NOx and particulates to levels below any of our competitors in Europe.

In 2012, we will launch the 7-seater Prius Plus, the new Yaris HSD and the new Prius PHEV (Plug-in Hybrid). These models will be added to the current line-up of Toyota Full Hybrid models, such as the Prius and Auris HSD, which exceeded sales expectations in 2010.

To secure the success of Hybrid technology, we are focused on ensuring the technology is known and accessible to consumers in every market. In the current competitive environment and market conditions, the efficiency of our sales network in providing the highest levels of customer satisfaction will remain crucial.

[1] *According to JATO data.*

Sustainable National Marketing & Sales Companies

Environmental Action at the Point of Sale

Our Sustainable Retailer Programme, which was launched in 2008, aims to "green" all 3,000 Toyota retailers in Europe.

The main objectives of the programme are to reduce CO_2 emissions and energy consumption and to improve Toyota Motor Europe's overall impact on the environment while reducing operating costs in all European retail facilities. The programme applies to existing retailers, new builds and major refurbishments. A sustainable building is defined as one capable of being maintained at a steady level without causing ecological damage or exhausting natural resources. Our ultimate objective is for retailers to achieve zero emissions.

Energy Audits

Existing retail outlets are subject to an energy *kaizen* (improvement) audit. There are two parts to the audit. Firstly a specialist engineer analyses a retailer's actual use of electricity and gas and benchmarks this against similar size facilities to determine whether the retailer can reduce its energy consumption. This can be done remotely based on historic energy bills.

If this analysis shows that energy usage is high, as a second step a specialist will visit the facility to understand how energy is used and recommend improvements. The targeted payback for any eventual investment is a maximum of three years. Pilots in several markets have seen savings ranging from 10% to 25% which, for a small retailer, can be worth more than €8,000 a year. All Toyota retailers in Europe are expected to have participated in the audit by 2013.

Environmental Management System

We have set a target for all retailers to have a certified Environmental Management System by 2015. Currently a number of markets have achieved complete certification to ISO14001 or an equivalent standard, including Denmark, Italy, Adria, Poland and Switzerland. More than 32% of Toyota Motor Europe retailers already achieved certification to ISO14001 or an equivalent standard.

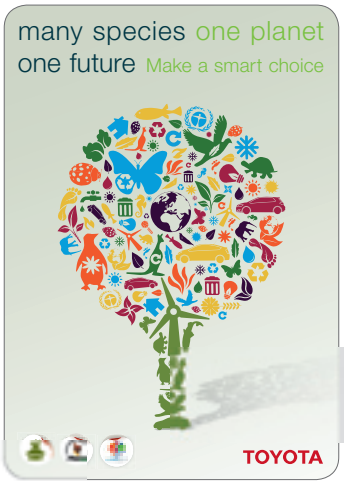
Environmental Assessment for New Retailers

Each new retailer or major refurbishment will be subject to a Toyota Retailer Environmental Assessment on eight key areas: energy, water, waste and materials, pollution, land use and ecology, health and well being, management and transport. The assessment is designed to encourage best practice in eco-friendly construction and design and has been developed by Toyota Motor Europe based on the philosophy set out in UK's Building Research Establishment Environmental Assessment Method (BREEAM). We have flagship Sustainable Retailers in La Rochelle, France, in Salzburg, Austria, and in Maribor, Slovenia. Other countries have planned projects as well.

Sustainable Retailers: 360° Environmental Leadership Approach

The National Marketing and Sales Companies are responsible for marketing and sales in their national markets across Europe. As such, they have a key role to play in advancing environmental activities among customers, retailers and in their own operations.

A 360° approach has been developed which outlines the contribution marketing and sales makes to our vision of achieving environmental leadership. The approach focuses on four key areas: products and service, communication, retail environment and behaviour, and has led to the development of a range of environmental activities. One such activity is our Green Month Campaign. Since 2006 Toyota Motor Europe, as well as National Marketing and Sales Companies and European Manufacturing Companies, participate in this campaign to raise employee awareness of environmental issues. The theme in 2010 was "Many Species, One Planet. One Future: Make a Smart Choice."



Toyota Hellas

As part of its Green Month campaign, Toyota Hellas participated in an eco-driving rally for hybrid cars. The rally was organised by the Hellenic Institute of Electric Vehicles and Toyota Hellas provided Hybrid vehicles. In addition, a hybrid quiz was held for Toyota Hellas staff to increase understanding about Hybrid technology. The winners of the quiz received free tickets to participate in the rally.

Toyota Hungary

Toyota Hungary participated in the Ultrabalaton race, an international running event in Hungary. Race participants run a distance of 212 km around Lake Balaton, known as the "Hungarian Sea". Toyota Hungary supported the race by providing low-emission cars (Prius and IQ) as escort vehicles and organised a race team. The team achieved 36th position out of 95. For more information please see: **http://www.toyota.hu/about/news_and_events/local/ub2_2010.aspx**

Toyota Frey Austria Ges.m.b.H

Sustainable Retailer Salzburg

State-of-the-art architecture

Case Study 3

Of all the environmental technology that makes Toyota's new dealership in Salzburg one of the most eco-friendly in Europe, is the feature that perhaps stands out the most, the "GreenTower." Rising up in the middle of the building, the tower is covered with 100 square metres of vegetation (philodendron scandens) which, through a computer-regulated system, provides the building with natural humidity control.

"We have to cut the plants back every two or three months, otherwise they get too dense," said Roman Sobotka, who heads the Salzburg dealership for Toyota Frey Austria Ges.m.b.H.

The investment involved in building a state-of-the-art eco-friendly dealership can be significant. For the new facility in Salzburg which opened in October 2010, Toyota Frey invested €1.5 million in additional environmental technology. The opening ceremony in October 2010 was attended by Toyota Motor Europe President & CEO Mr Didier Leroy.

Toyota's green philosophy is reflected in the building itself. "Toyota has a goal of zero emissions and, naturally, when you sell a car with that idea behind it, the building should also be environmentally conscious," said Mr Friedrich Frey, President of Toyota Frey Austria. Other environmental features of the dealership include a photovoltaic system integrated into the roof which generates 10% of the building's electricity needs. A water treatment system reduces the amount of water needed to clean vehicles by 80%, and rainwater is collected for general plumbing needs. Additionally, modern architectural features like the shell-like glass roof mean that the showroom has plenty of natural light.

"For years Toyota's objective has been to enhance society, environmental awareness and mobility through advanced technologies and a target of zero emissions. We never lost focus of this when we were constructing our new car showroom. Therefore the whole concept of the construction of the building and the choice of the materials up to the technical installations were carefully planned with environmentally-friendly methods and materials. The new showroom is a sustainable commitment to the green challenge. We are convinced it will be the future model in car showroom constructions", said Mr Frey.

Lexus

Andy Pfeiffenberger

Vice-President Lexus

"Today, second generation Lexus Hybrid Drive represents a more advanced, robust and attractive commercial proposition than ever before. Already, more than 60 percent of the cars we sold in Western Europe in 2010 were full hybrids. And with the success of the new CT 200h luxury compact, our fifth Lexus Hybrid Drive introduction to date, we expect to increase the percentage of hybrids we sell even further."

Andy Pfeiffenberger

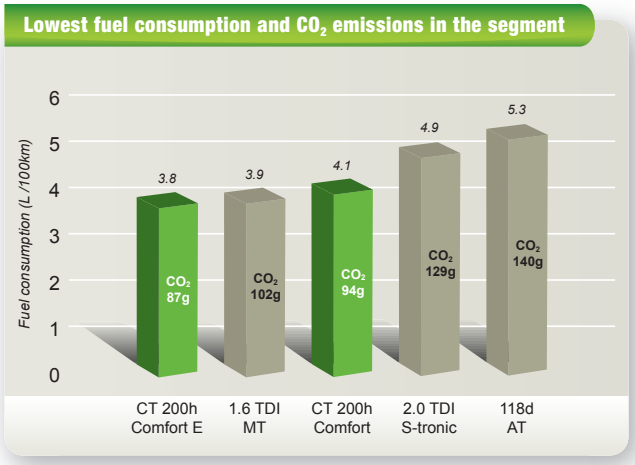
CT 200h / GS 450h / LS 600h / RX 450h

Full Hybrid Leadership

Lexus pioneered hybrid technology with the RX 400h, launched back in 2005. Since then we have sold over 300,000 cars fitted with Lexus Hybrid Drive. At present, we remain the only luxury car manufacturer to offer a comprehensive range of Full Hybrid vehicles. Each one features an incredibly advanced powertrain. This provides the ultimate smooth, quiet ride, seamless linear acceleration, better fuel economy and very few harmful emissions.

Lexus Hybrid Drive is available in four breakthrough Full Hybrid cars: the CT 200h compact, the RX 450h crossover, the GS 450h performance sedan and the flagship LS 600h luxury sedan with permanent All-Wheel Drive. All Lexus hybrids not only start off using electric power alone, but can also be driven almost silently in EV (Electric Vehicle) zero emissions mode.

CT 200h Delivers Class-Leading Environmental Performance




'Ecological plastic' luggage room linings

Class-Leading Environmental Performance

In addition to having the cleanest and most efficient drivetrain in its class, the CT 200h is also designed to minimise environmental impact. Bio-sourced materials are used extensively: a world first for Lexus, luggage room linings are made from 'ecological plastic' containing 30% plant-based material, while indigenous fast-growing bamboo is offered as a trim option. At the end of its life, a minimum of 85% of the car can be recycled, including the hybrid battery.

Production integrates our world-famous 'lean manufacturing' techniques with waste kept to an absolute minimum. Every day the Aqua Control Centre at the CT 200h plant purifies up to 4,000 tonnes of water before releasing it back into the eco-system.

Bamboo cabin trim

EV or ECO Mode For Lower Emissions

Another new Lexus innovation, the drive mode selector allows easy adjustment of the CT 200h to match performance with driving mood.

For a smooth, efficient drive, ECO and NORMAL modes use the petrol engine and electric power to achieve higher speeds. (Air conditioning power is lowered in ECO mode to increase economy).

In EV (Electric Vehicle) mode Lexus Hybrid Drive provides an almost silent drive up to 45 km/h, using no petrol and emitting zero CO_2 or NO_x. SPORT mode delivers a more dynamic experience.

Drive mode selector


Blue : EV, ECO, Normal modes


Red : Sport mode

CT 200h: The world's first full hybrid luxury compact

Lexus Builds Full Hybrid Monaco Wedding Car

In 2011 Lexus was named 'Official Supplier to H.S.H. the Sovereign Prince of Monaco'. Also, confirming Prince Albert II's commitment to more environmentally friendly solutions, a Lexus full hybrid car was chosen for the occasion of his marriage to Miss Charlene Wittstock on Saturday 2nd July 2011.

His Serene Highness takes a keen interest in encouraging innovative solutions for environmental protection and sustainable development around the world. In 2006 he established the Prince Albert II of Monaco Foundation, which supports more than 150 projects. These range from the monitoring of environmental evolution to protecting species endangered by climate change. It also provides assistance in water management in developing regions. Since His accession to the throne in 2005, His Serene Highness has defined an ambitious strategic direction for the Principality in terms of sustainable mobility. He has notably asked his government to develop policies that clearly focus on mobility means with lower environmental impact.

Award-Winning Lexus CT 200h

The Lexus CT 200h was named as the 'Belgian Clean Car of the Year 2011' in the fleet category at the Brussels Motor Show. The cars nominated in the fleet category were: Audi A4 2.0 TDI; Ford Fiesta 1.6 TDCi Econetic; Lexus CT 200h; Mitsubishi ASX 1.8 Di-D 2 WD; Nissan Leaf; Peugeot iOn; Skoda Superb Greenline 1.6 TDI; Volvo V50 1.6D DRIVe; VW Passat Variant 1.6 TDI Bluemotion. The 'Belgian Clean Car of the Year' is awarded by two leading Belgian automotive magazines (Le Moniteur Automobile and Fleet) and also by the Belgian Automobile Club and the Circuit of Zolder. The jury consisted of specialists in sustainable mobility such as automotive journalists, an environmental NGO and a renowned university professor. The award is divided into two main categories: City and Fleet. This is the first year the prize has been awarded.

LS 600h L Landaulet

After Sales

Kari Skogster

Vice-President After Sales

"After Sales contributes to Toyota's environmental leadership by maintaining the performance of more than 12 million Toyota cars on the road in Europe throughout their lifecycle, while minimising the environmental impact, for example, by using remanufactured parts. With more than 3,000 Toyota Authorised Retailers and Repairers across Europe, our After Sales specialists have developed strict standards they must follow to ensure their workshops operate in the most environmentally-friendly way."

Kari Skogster

Auris Hybrid and Lexus CT 200h protect environment by reduced parts replacement and maintenance

Offering up to 30% lower running and maintenance costs compared to competitors, the new Auris Hybrid and Lexus CT 200h are as well designed to protect the environment by lower maintenance parts usage.

Toyota Hybrid Synergy Drive uses the Hybrid motors to recover energy when braking, storing it in a battery and re-using it to drive the car. This energy recovery is known as "regenerative braking", and because up to 60% of braking is done by these motors alone, the actual wear rate of the brake pads is extremely low. Indeed, market studies have shown most customers comfortably exceed the 140,000km replacement cycle, over three times more than similar-sized petrol or diesel vehicles.

Another key saving is the use of "paper element" oil filters, in place of metal canisters, which means there is less waste and a lower cost to the customer (typically a 45% saving).

Finally, the spark plugs are smaller and more efficient. The diameter of the plugs has been reduced from 14mm to 12mm, which has resulted in a decrease in price of 14%.

These measures have multiple benefits to our customers and to our operations, they reduce the ownership cost to the customer and produce less waste, thus helping to preserve our natural resources.

Toyota stickerfix™ being applied to a door edge

Toyota stickerfix ™

Case Study 4

Traditional liquid touch-up paints have a short shelf life and need heated storage and shipping conditions. They are also subject to strict scrapping policies. To offer increased customer choice, Toyota stickerfix™ was launched in January 2011. This new accessory is a do-it-yourself vehicle cosmetic repair and protect product and is an automotive industry first. It is a high-tech flexible adhesive film coated with waterborne paint and EU VOC-compliant clearcoat that matches the car's original colour. It consists of an A5 painted sheet with 33 pre-cut stickers to cover minor chips, scrapes and scratches that used to be repaired with liquid touch-up paint. Toyota stickerfix™ is easily applied by a simple three-step process of clean, stick and smooth.

Remanufactured Parts

By reusing components and thereby reducing the demand for raw materials, we are also saving the energy needed to convert those raw materials into finished products.

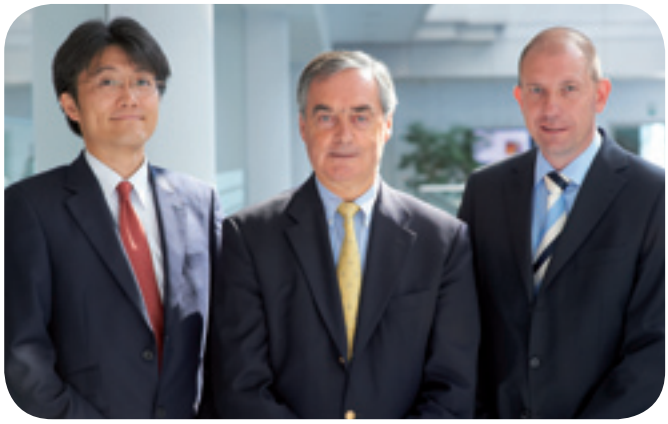
We are continuing to expand our range of remanufactured products and in FY10 increased the volume of remanufactured parts by 10% with the addition of some diesel engines. We recorded a core return rate of 90% and maintained a lead time from the retailer to the parts remanufacturer of less than one month.

Low-friction Transfer Gear Oil

During FY10 we introduced a specialist gear oil into the TGMO (Toyota Genuine Motor Oil) product range: Transfer Gear Oil LF 75W.

This oil was developed specifically for vehicles with a new type of 4x4 transfer, such as the Land Cruiser 150, Land Cruiser 200, Land Cruiser Prado, GX460 and 4Runner in order to achieve superior vehicle performance through reduced internal friction, increased driveability and improved fuel economy.

A Low Carbon Company in a Low Carbon Society



Takao Aiba, Willy Tomboy, Ronny Denis

Environmental Affairs & Corporate Citizenship

"It is our company's global aspiration and strategy to become a company with a very low carbon footprint during the whole lifecycle process and value chain, and at the same time to support and encourage society to move in that direction. Climate change is a key driver for this, but the economic and social significance should not be overlooked."

Willy Tomboy

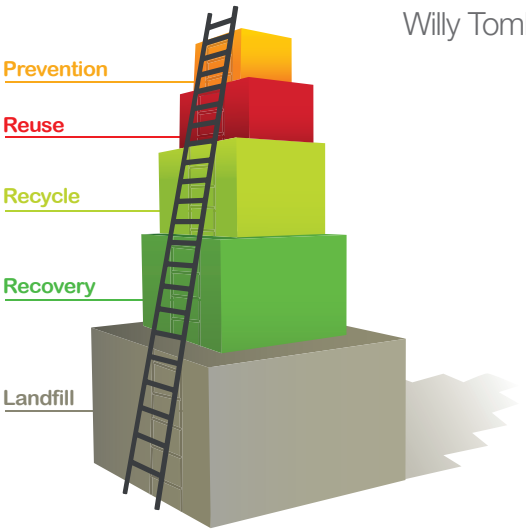
The EU has introduced a significant number of sustainability initiatives into the market on the sustainable use of resources and resource efficiencies. These include a White Paper on Transport, an Energy Efficiency Plan, a Resource Efficiency Flagship, a Roadmap for a Resource-efficient Europe, a Roadmap towards 2050, a Climate Change Policy towards 2050 and a Raw Materials Initiative, to name a few.

Linked to these EU initiatives, a number of EU Directives and Regulations have also come our way such as the EU Emission Trading Scheme (EU-ETS), chemical substance legislation REACH, CLP, RoHS, regulations on industrial emissions, air quality, recycling and end-of-life, electronic waste disposal and CO_2 emissions for passenger cars and commercial vehicles. On top of this, many of these legislations require detailed product information to users and customers, with which we comply.

The number of statements on low carbon, resource-efficiency, sector-specific reduction pathways, cost-efficient scenarios, targets towards 2020 and other related ones can be overwhelming. However, they play an important role in acting as a call for action to reduce our environmental impact and increase resource efficiencies and we fully support them.

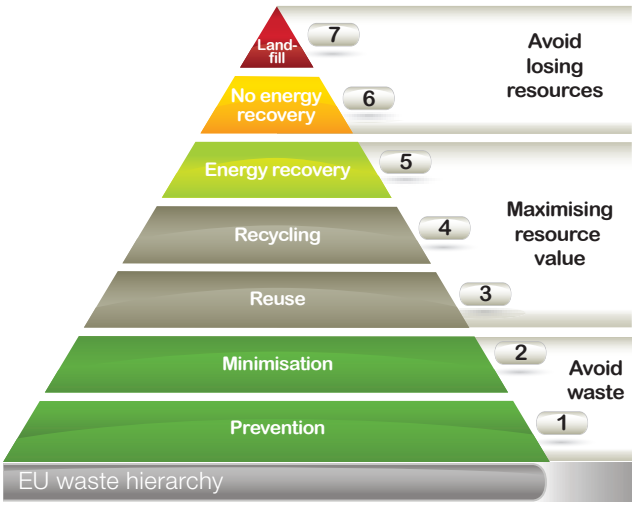
At Toyota Europe, we conduct a Green Month campaign each year which coincides with World Environment Day in June. For 2011, our theme is "Resource Efficiency: using less, living better." The theme was selected to emphasise how we need to go back to basics. This simple catchphrase describes the most fundamental step to take towards becoming a low carbon company in a low carbon society, namely "not using," or "using less." This is the first action towards sustainable development.

Is this something new or hype? Not at all. Back in 1979, a Dutch politician, Ad Lansink, launched the five-step "Ladder van Lansink." The principle is simple: the higher you reach up the ladder, the better for the environment and the most economical.



Lansink was the forerunner of the current EU waste hierarchy, which expands two of the five steps: step two: minimisation and step five: energy recovery. The basic principles remain the same.

We believe that the first step to becoming a low carbon company is to prevent and minimise resource use, whether it is the use of electricity, gas, water, primary resources, or whether reduction of CO_2 emissions and other greenhouse gases.



This is the first call for action. It doesn't make sense for companies to engage in alternative or high-tech and innovative energy-efficiency solutions if they do not have the basics right. Perhaps also something the EU could consider. In order to be able to meet the requests to action from the EU, any company in any industrial sector has to start with getting the basics right, avoiding and minimising waste. At Toyota we believe we are meeting this challenge.

Social Performance

It is in challenging times that a company like Toyota can best measure the return on its long-term investment in social responsibility. In good times, we followed our corporate philosophy and tried to build strong long-term relations with our customers, our employees, our business partners and the community at large. In hard times, following the global financial crisis, the recalls, and the recent Great East Japan Earthquake, we've had to call upon the trust and understanding of these stakeholders. Thanks to our strong relationships, our partners and stakeholders have shown us tremendous support. The entire Toyota team is extremely grateful for this and I promise we will repay this support through the continuation of our responsible business practices.

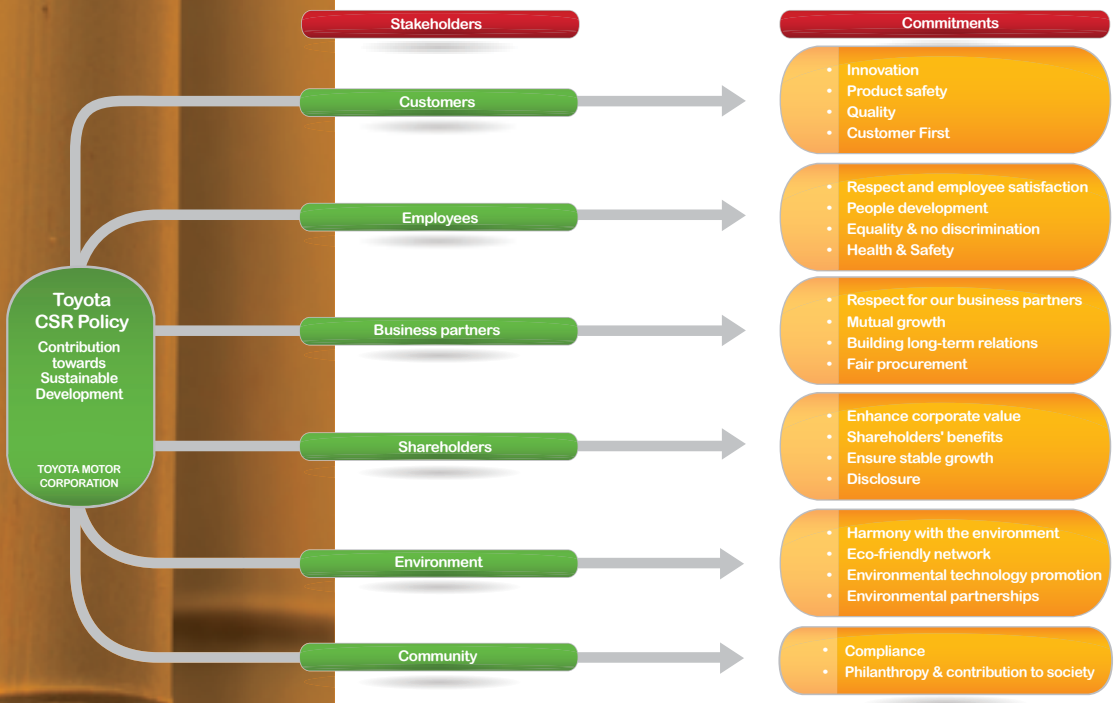
Didier Leroy

Didier Leroy
President & CEO
Toyota Motor Europe
Managing Officer
Toyota Motor Corporation

Corporate Social Responsibility (CSR) Performance FY10 and Focus for FY11

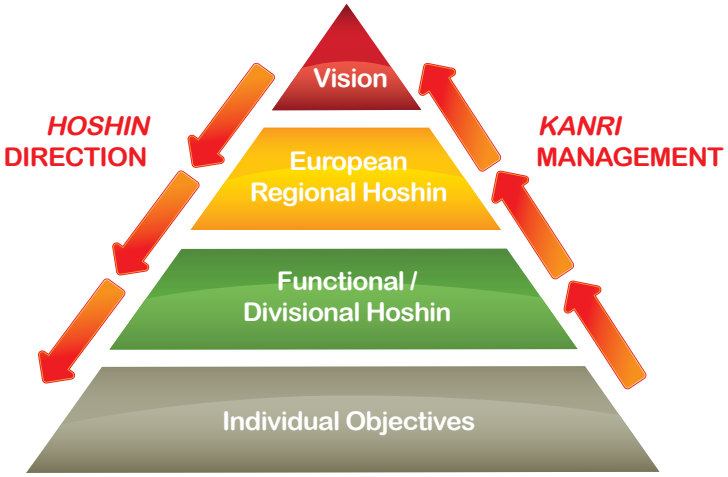
The CSR assessment is an internally-developed measurement tool which enables us:

- To identify key mid-term issues
- To prioritise improvement opportunities
- To act upon these opportunities and show progress over time.



The previous diagram shows how the CSR assessment helps us achieve our sustainable development principles. We measure our performance on specific commitments made to Toyota stakeholders as stated in the worldwide CSR policy.

The results from the CSR assessment were presented to all Toyota Motor Europe executives at the CSR Committee in January 2011. The CSR priorities, together with the New Management Direction and the Toyota Global Implementation Priorities, were used to develop the European Regional *Hoshin*. *Hoshin Kanri* or direction management is the tool that allows the company vision to be translated into objectives and actions in all functions and at all levels in the company. In that sense, the European Regional *Hoshin* indicates what we will focus on in the next year(s).

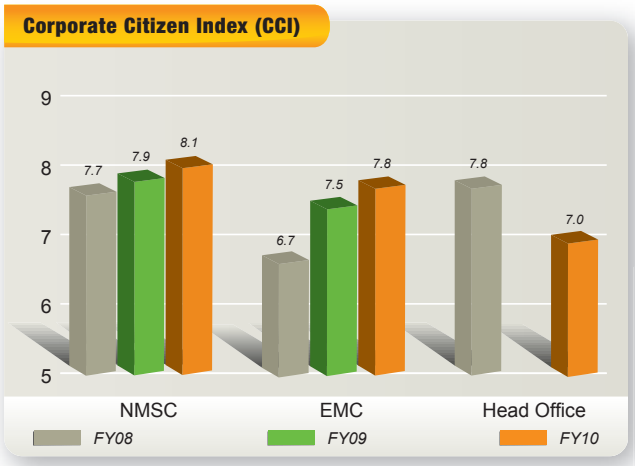


Measuring Social Performance

Measuring CSR Performance – Internal Stakeholders

1- CSR Assessment Results: Corporate Citizenship Index

Toyota Motor Europe's annual corporate social responsibility (CSR) assessment is conducted with Toyota Motor Europe companies including National Marketing and Sales Companies (NMSCs) and European Manufacturing Companies (EMCs).



The CSR assessment measures the performance of 22 commitments using key performance indicators and targets. It uses a standardised score from 0 to 10. This standardised score is calculated using the result on the KPI relative to its target. The Corporate Citizenship Index (CCI) is the aggregate score for all 22 commitments.

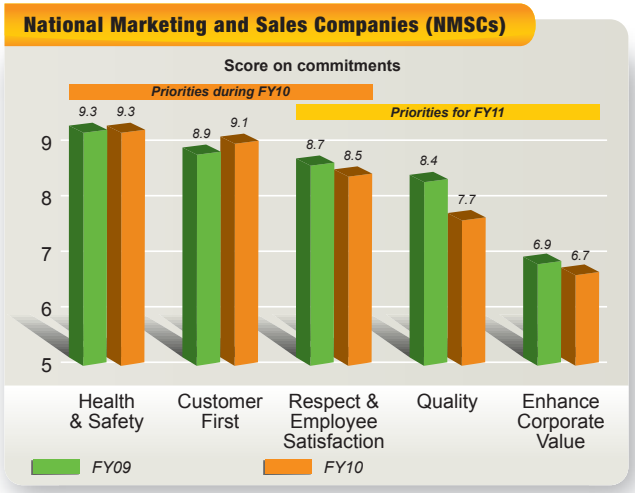
The results show an increase in performance for both the NMSCs and the EMCs. The Head Office score shows a decrease in performance.

In the section below, we provide more detail on the scores and list our commitments which have been identified as priorities for FY11:

- Health and Safety
- Respect and Employee Satisfaction
- Quality
- Enhance Corporate Value.

Despite the recall, our score on "Customer First" increased. Customer First is the foundation of our business and applies to all business areas. As such, we always strive to improve.

2- Priorities for FY 2010 and FY 2011



Health and Safety

From FY10, we expanded our measurement of Health and Safety to include both lost time and non-lost time accidents to increase our understanding of safety in the workplace. We have therefore recalculated the score for FY09 to include this data and make a comparison possible with FY10.

The Health and Safety results for our European Manufacturing Companies show a decrease from last year (from 7.8 to 6.4).

Two factors contribute to this lower score:

1. Even though the total number of accidents decreased from FY09 to FY10, the number of accidents with lost time increased. We investigated the reasons for this and found that there was an increase of accidents during the execution of non-standard work, typically done during down time. This down time occurred as a result of the frequent changes and production stops required to meet challenging economic conditions.
2. The target for lost time accidents in FY10 was even more challenging than the target we had set for FY09, and both of these targets are significantly below the industry benchmark data.

Health & Safety of all our members is our highest priority and it remains our commitment to improve our performance.

More information can be found in the Health and Safety section of this report.

Respect and Employee Satisfaction

An important key performance indicator for this commitment is employee engagement. Our internal employee motivation survey, which is held every two years in all our European operations, is the source for this KPI. Through the ongoing challenging times, we keep focusing on grasping the employee motivation level of our employees.

While NMSC employee engagement stayed relatively high and in line with high performing benchmarks, the same level was not achieved in our European Manufacturing Companies, where a decrease was seen versus FY09. Committed to tackling the issues raised by employees, working groups or management workshops were organised to discuss these issues. Numerous changes are now being introduced in the areas of communication, training and HR systems.

Respect for people is one of the basic principles of the Toyota Way and enhancing the motivation of all Toyota members is the highest priority for FY11.

More information can be found in the Engaging Employees section of this report.

Quality

Toyota's reputation for quality was challenged due to the recalls that occurred in early 2010. With the Special Committee for Global Quality, under the leadership of President Akio Toyoda, we started to review and improve quality systems in all functions to regain customer trust. In Europe members from all functions have reinforced special activities for built-in quality at every step.

Thanks to these efforts, we are achieving the challenging targets we set for manufacturing quality in our plants and improvements are starting to show in customers' concerns.

In FY11 we will continue to speed up our customer concern resolution by the *Genchi Genbutsu* (which roughly translates as "go to the source to find the facts") methodology, to grasp and resolve problems more quickly.

Enhance Corporate Value

The aggregated brand image score is the KPI that determines the result for this commitment.

Since 2007, the score for the Toyota brand levelled off and then slightly decreased. The product recalls in early 2010 compounded this situation.

As a countermeasure to this, to drive business recovery, a new brand direction was defined in 2010. The new fiscal year will see the start of company-wide implementation of this new brand direction, from product development to consumer communication, to the customer experience.

The objective is to progressively align every part of the organisation to ensure that a focused brand promise will be delivered at every touch point.

Engaging with Customers

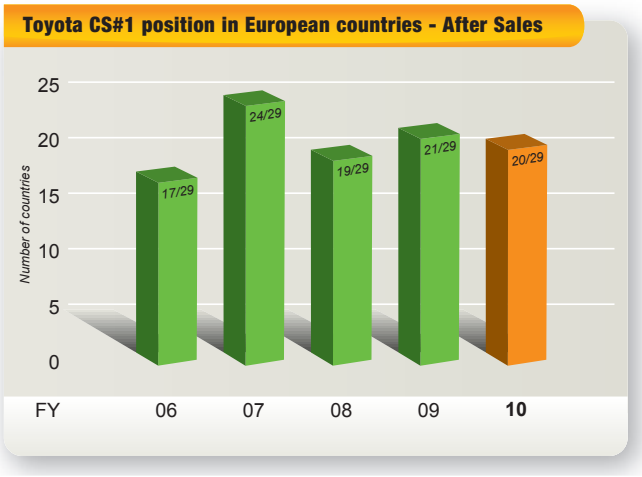
(L-R): Nancy Mboga, David Hemming, Lana Gacinovic, Don Baker, Laurent Restiau,
(Diana Ramirez, Hervé Jodogne, Tom Abrahams not in picture)

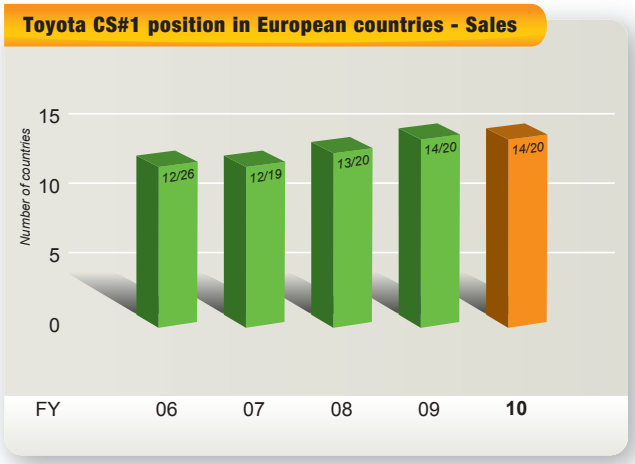
"To build customer loyalty we have set a strategic objective of achieving outstanding customer satisfaction by delivering products and services of superior quality."

Diane Ramirez

Our Customer First philosophy guides our interactions with our customers. By focusing on the total customer experience, from the time of purchase and throughout ownership, we seek to build a long-term relationship with customers. To track our progress, we participate in an annual benchmarking survey which asks customers to rate their experience from completely satisfied to completely dissatisfied.

Our own customer satisfaction survey was launched in 2006 and to date, more than two million customers have told us about their experience with Toyota. Since its launch, the overall satisfaction with Toyota retailers has improved on average by about 21% points in sales and 14% points in after sales.





The Role of the Customer Relations Team

There are over 12 million Toyota vehicles on the roads across Europe. Each of Toyota's National Marketing & Sales Companies have their own dedicated customer relations team that supports the customer and Toyota retailers in resolving complaints at a local level in the customer's language.

Although the majority of contacts from our customers are enquiries, we also have a small number of complaints (less than 1.3%)[1]. As part of our Customer First philosophy we handle customer contacts in a swift, sure and fair manner using a global process.

Our customer relations team gives strategic guidance and training to customer relations departments across

[1] *Source: Toyota Global Customer Relations Survey 2010.*

our National Marketing & Sales Companies to support our global process for handling complaints. As more of our customers are mobile across Europe we help resolve concerns related to serious cases and cross-border cases[1] and those addressed to the executives of Toyota Motor Europe.

Safety

360° approach to safety

As a major vehicle manufacturer, we seek to reduce traffic accidents, injuries and fatalities, by making vehicles safer to drive. We also need to take an integrated approach to road safety by working in partnership with our stakeholders.

Toyota's Integrated Safety Management Concept

In order to ensure optimal safety at every stage of driving, we examine the various vehicle systems at every stage of driving. This helps us make continuous, high-level safety a reality.

Safety research

We are one of 15 public and private partners of the EU co-funded project ASSESS, which commenced in July 2009 and aims to develop a set of test and assessment methods for active safety, such as pre-collision systems. Project deliverables should form the basis for future rating procedures for these systems and provide policy recommendations for their implementation. From mid-2011, we are partnering on the EU project ASPECSS which, over three years, will focus on developing integrated assessment methods for pedestrians. This will be the first time that the overall protection potential of a vehicle can be measured, integrating the traditional passive and active safety methods. We are also collaborating with the French Institute of Science and Technology for Transport, Development and Networks (IFSTTAR) on the passive safety of vulnerable occupants (elderly people) and rear seat occupants. Through the partnership we are also examining ergonomics, by identifying future potential protection of users in the pre-collision phase.

eSafetyAware! Initiative

We are a founding member of eSafetyAware!, an EC-funded program that organises events to demonstrate how advanced vehicle technologies can help save lives.

In July 2010, we took part in the eSafety Challenge in the UK and demonstrated the Pre-Crash Safety System of Prius and Avensis. We also demonstrated the Lane Keeping System of Avensis. Both systems support the driver in safe driving and mitigate the severity of potential accidents.

European New Car Assessment Program (Euro NCAP) safety tests

Euro NCAP is an independent safety assessment program backed by seven European governments, the European Commission and motoring and consumer organisations in every country in Europe. Currently, Toyota and Lexus have vehicles that are among the best overall performers in safety across the full range of Euro NCAP tests. In 2009, more demanding criteria were introduced. Five out of the six tested cars achieved the maximum possible 5 Stars.

Further information on these programs can be found at:

- eSafetyAware! Program: **www.esafetychallenge.eu**
- ASSESS program: **www.assess-project.eu**
- Euro NCAP: **www.euroncap.com**
- Safety at Toyota Motor Europe: **www.toyota.eu/safety**

New Euro NCAP ratings for Toyota Vehicles

NEW RATING SCHEME	YEAR	OVERALL RATING	ADULT	CHILD	PEDESTRIAN	SAFETY ASSIST
CT 200h	**2011**	★★★★★	**94%**	**84%**	**55%**	**86%**
Toyota Verso	2010	★★★★★	89%	75%	69%	86%
Toyota Urban Cruiser	2009	★★★	58%	71%	53%	86%
Toyota Prius	2009	★★★★★	88%	82%	68%	86%
Toyota Avensis	2009	★★★★★	90%	86%	53%	86%
Toyota iQ	2009	★★★★★	91%	71%	54%	86%

[1] ***Serious Cases***: *Where the complaint alleged a safety or product liability concern with our product or service.*
Cross Border *cases are examples where a vehicle is purchased in one country and a concern arises in another European country. (e.g. a customer may live in the United Kingdom but an issue arises while on holiday in France.)*

Eco-Driving Team (L-R): Rudy Van Houtvin, Charly Helsen, Kathrin Beck, Jonas Ambeck, Tim Thompson, Gabriel Othmezouri

Eco-driving

Case Study 5

Putting theory into practice at Toyota

We need to minimise environmental impact throughout the lifecycle of a vehicle. This includes the use phase, i.e. when the car is being driven.

In 2010 we launched a comprehensive Eco-driving Team project at our head office in Brussels to:

1. Engage employees to join this programme
2. Cultivate an Eco-driving mindset
3. Stimulate a continued optimised driving performance.

The project ran from June 2010 until July 2011. The target audience were company car drivers, as well as private car drivers. Over 300 members have joined the project, including our President & CEO Didier Leroy.

The programme provides participants with training on Eco-driving via simulator workshops and in-vehicle test drive training and is supported by a local non-governmental organisation, Ecolife. Participants are taught about the simple yet effective ways to implement Eco-driving concepts into their normal driving behaviour.

In order to measure actual fuel savings, a real-time in-car device (data logger) is installed in the car of each participant. Individual feedback on journey and driving behaviour is given to each participant. There is also interaction between the participants and a competition is held to see who can achieve the best performance. This performance is measured in terms of actual fuel consumption against the recorded data. The results to date show that average litres per month used declined by 9.3% per month between September 2010 and February 2011.

Vehicle performance data has been gathered which will be used to further improve environmental performance of vehicles in the future.
The project demonstrates that active communication and training on Eco-driving as well as systematic measurement of fuel consumption directly from the vehicle can lead to significant fuel savings.

Members receiving Eco-drive training from our partner Ecolife

Engaging with Employees

"Despite the fact that we are in our third year of this crisis, we take pride in the fact that we have made every effort to maintain our ideology and values on how we treat our employees. While we were again forced to reduce some of our headcount, we continued to work hard to try and achieve this through voluntary means, supported by effective communication."

Takashi Karasawa

Takashi Karasawa

Vice-President Human Resources & Business Services

Stable Employment

We have made every effort to maintain stable employment for our permanent employees. The step-by-step approach that we introduced in FY08 to minimise the impact of required cost reductions continued in FY10, in addition to some of the structural changes, such as limited recruitment and minimising overtime:

- We continued a limited ratio of "work-sharing" in Toyota Motor Manufacturing Turkey (TMMT), where labour cost was reduced with a commensurate reduction in working time
- In Toyota Motor Manufacturing UK (TMUK), we needed to align our production capacity to demand, and therefore stopped one production line. To adjust the headcount, TMUK initiated its second voluntary separation scheme, where approximately 850 members chose to leave. This necessitated a massive multi-skill training initiative to allow every team member who opted to stay to gain the skills to work on the operational line
- In Toyota Motor Europe a voluntary resignation programme was also introduced and approximately 200 members opted to find external opportunities.

To a limited extent, some of our NMSCs also optimised their organisations, while ensuring thorough communication with their members.

Employee Communication

In all the European countries in which we operate, we adhere to European and national legislation. In line with this, employee representation bodies are in place to inform and communicate within the framework of social dialogue based on mutual trust, respect and responsibilities. Regular information sharing and required consultations with European and national bodies contributed to maintaining the relationship and ensured understanding by employee representatives on the business situation and company's position.

In line with the agreement with our European Works Council, which is called the Toyota European Forum (TEF), additional meetings were convened to discuss the various business issues in our European operations.

Under the continuing severe business and economic conditions, it was critical to communicate with all our employees in an open and timely manner. On several occasions face-to-face meetings were organised between the company management and employees to explain critical business issues and company decisions. Pan-European employee briefings were held throughout the year to ensure consistent and thorough communication with all European employees.

Employee Motivation Survey

One of the ways we monitor and measure employee engagement is through our employee motivation survey. The survey is conducted every two years and includes all our European affiliates. While NMSC employee engagement was relatively high and in line with high performing benchmarks, this was not achieved in the manufacturing plants and the head office, where a dip was seen against the 2008 results. The results were communicated to employees and in line with local practice and requirements, working groups or management workshops were established to develop action plans to address the identified issues. As a result of the motivation survey, numerous changes have been introduced in the areas of communication, training and HR systems.

Learning and Development

Through the working groups, learning and development was raised as one of the key motivators for our employees. In FY10, though training was limited because of cost-saving initiatives, we continued to provide Toyota Way fundamental training to all of our employees.

A particular focus since FY10 has been the development of our management, making them the catalysts of effective workplaces. These training courses called "Managing People in the Toyota Way" (see the box below for details) were conducted throughout the year, and in line with the HR calendar, to support our managers to enhance their (daily) management skills.

The priority of this training was for newly promoted managers. More advanced training for senior and middle management is also planned for FY11.

Training by the type of course and the number of employees completing the training is shown in the table below.

TRAINING TYPE	NUMBER OF EMPLOYEES COMPLETING TRAINING IN TME
On-the-Job Development	446
Hoshin Kanri	291
Careers in Perspective	103
Managing People in the Toyota Way	47

On-the-Job Development (OJD)

This training is aimed at front-line managers and gives them a systematic approach to develop the skills and capabilities of their staff through the assignment of tasks and projects in their daily work. Toyota fundamentally believes that true development does not come from classroom training alone, but is achieved by "doing things". We don't view daily work just as a set of tasks that have to be performed, but as an opportunity to learn new ways of working, question the ways things are currently done, and make improvements to processes. Managers learn to identify the current development level of each individual, identify the correct tasks to assign them so that they provide a "stretch" without being impossible to achieve, and have a dialogue with the individual about why the assignment will be developmental, what is the wider context of the task, and how motivated the person is to tackle it. The training also teaches how to follow up and to adapt one's leadership style to the degree of autonomy, developmental level, and willingness of the individual being coached.

Hoshin Kanri

In this training, higher level managers learn to develop annual plans based on understanding of the company direction. They assign activities towards this direction within their teams, and develop a schedule for implementation. Emphasis is given to encourage individuals to think about the direction on their own and develop proposals on how they can contribute to the company direction from their own viewpoint and responsibility.

Career in Perspective

At the time of the implementation of the voluntary resignation programme at Toyota Motor Europe, workshops were organised for employees to better understand their own career perspective. Employees were able to gauge their deeper interest levels, whether they are satisfied with their career so far and their current assignments, what "drives" them, and whether they would be ready to consider a career change. Employees who left as well as many who stayed took advantage of the workshops, which allowed them to increase their comfort level and confidence about their career choices.

Managing People in the Toyota Way

This comprehensive training teaches line managers to embrace their core responsibility of motivating, developing and leading people and gives them practical tools to do so. Using experienced managers as "leader-teachers", it is based on interactive discussions and on-the-job applications and follow-up. This includes creating a friendly work environment and continuously checking the pulse of staff members, understanding Human Resources processes to appraise, develop and assign people, adopting the right leadership style, dealing with problematic performance and motivating staff.

Equal Opportunities

We support equal opportunities, diversity and inclusion for our employees and do not tolerate any form of discrimination.

This approach is reflected in our Global CSR Policy and in our Code of Conduct which states that "We respect human rights and do not discriminate on grounds of race, gender, ethnicity, age, religious or sexual orientation, physical disability and marital or parental status."

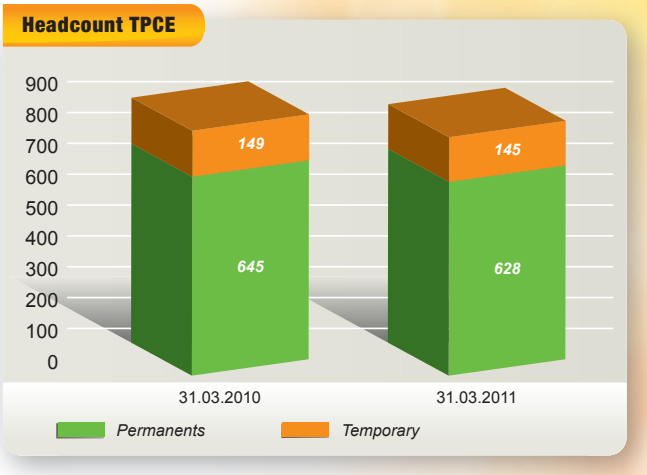
Our Global CSR Policy and Code of Conduct form the basis of how we work and are distributed to all employees who receive training on these policies.

Workforce Statistics

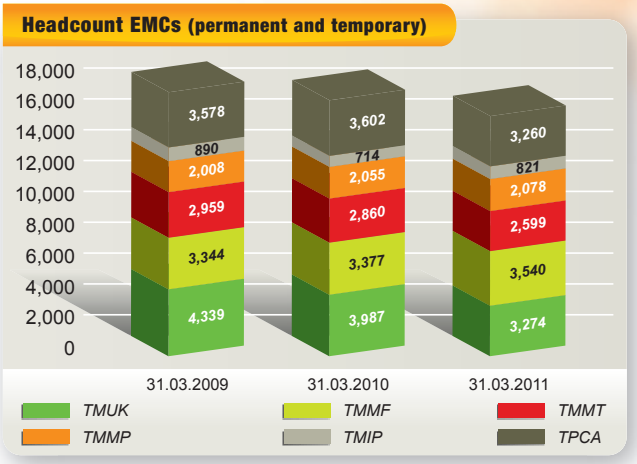
We make a significant contribution to local economies by directly employing 18,644 people in our Head Office (Evere and Zaventem), our European distribution centre (Toyota Parts Centre Europe), our European Manufacturing Companies and in our majority-owned National Marketing and Sales Companies.

- Toyota Motor Europe (Head Office) – 1,704 people
- Toyota Parts Centre Europe (TPCE) – 628 people
- European Manufacturing Companies (EMC) – 14,469 people
- National Marketing and Sales Companies (NMSC) – 1,843 people

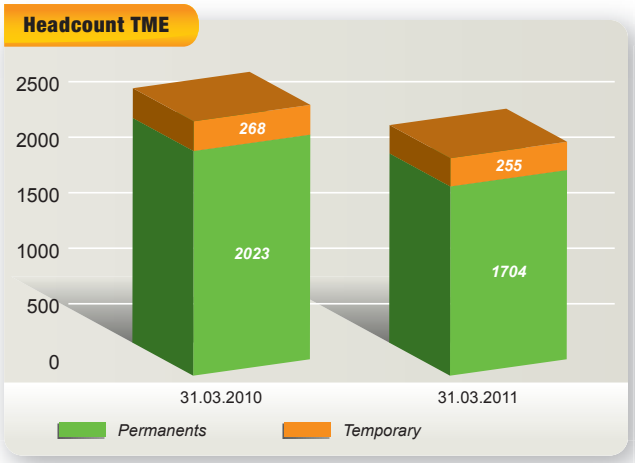
Headcount TPCE



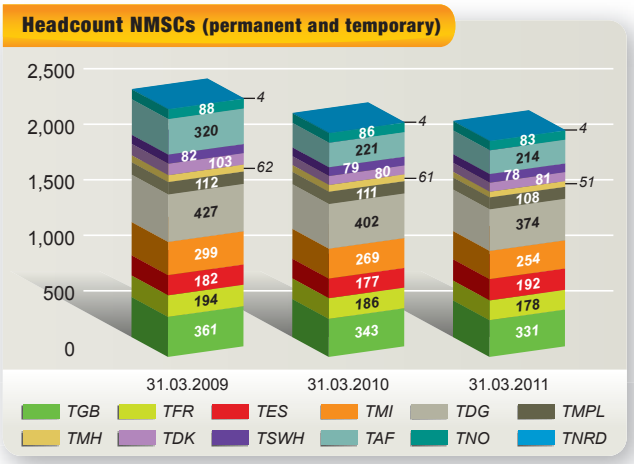
Headcount EMCs (permanent and temporary)



Headcount TME



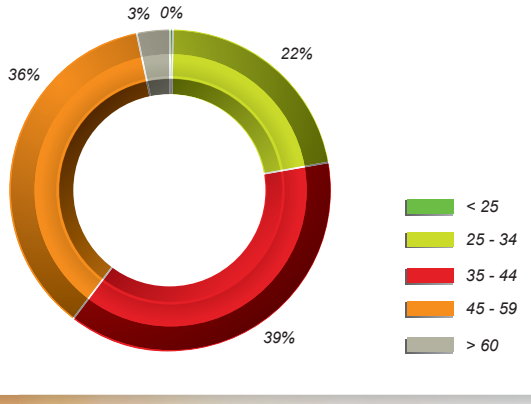
Headcount NMSCs (permanent and temporary)



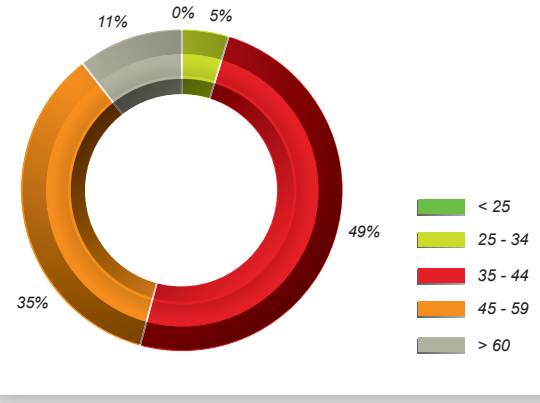
Employees by Gender and Age

The following tables show statistics of our permanent employees at head office, Toyota Parts Centre Europe, European Manufacturing Companies and our majority-owned National Marketing and Sales Companies.

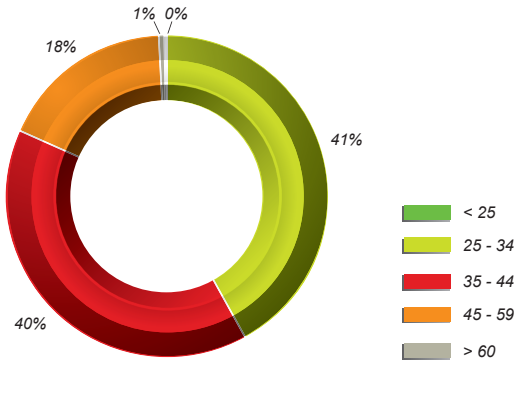
Age NMSCs



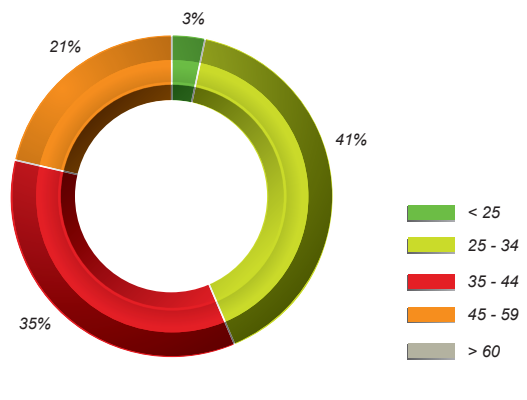
Age EMCs



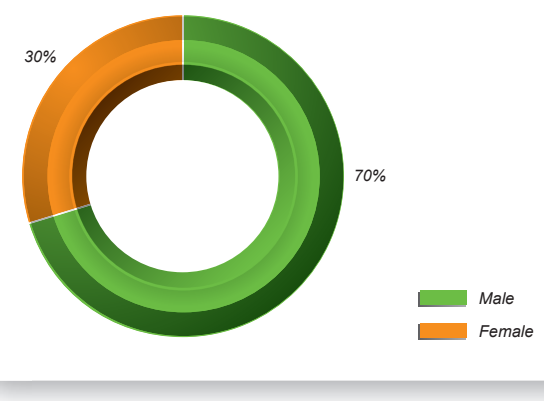
Age TME



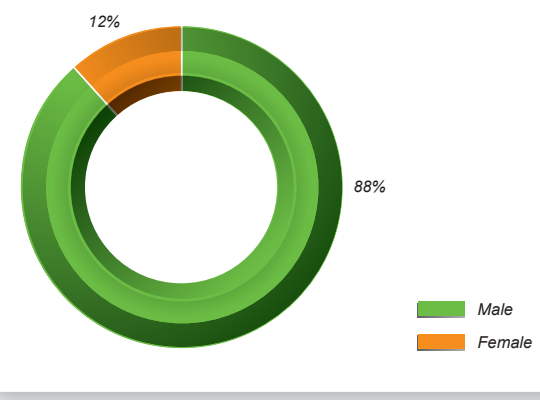
Age TPCE



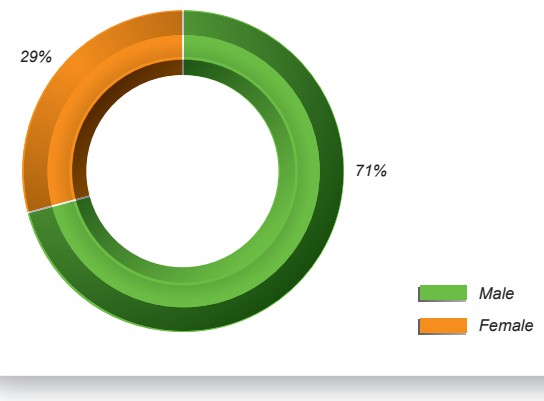
Gender NMSCs



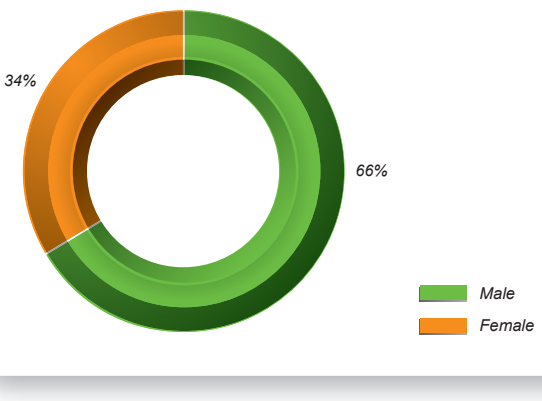
Gender EMCs



Gender TME



Gender TPCE



Steve Hope

General Manager Plant Engineering & Safety

"The changing economic environment has presented Toyota with many challenges for safety management throughout our operations over the past year. We have not only taken on these challenges but also continued to improve our core safety management activity."

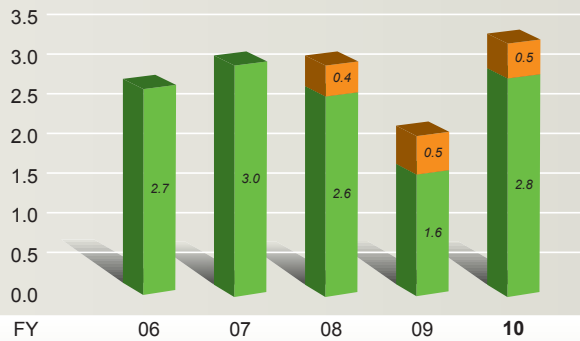
Erik Van de Wiele

Director Business Services

"Toyota is fully committed to achieve and maintain a safe and healthy working environment for all its members. The office and workshop ergonomics project, organised by the Health & Safety team demonstrates this commitment."

Overall 2010 European winning entry from TMMP

Manufacturing LTIs to FY10[1]



Lost time injury frequency rate (based on one or more days lost) in European manufacturing.
Lost time injury frequency rate = No of LTI/ No of work hours x1,000,000, TPCA was included for the first time in FY07.

Led by our top management, the first children's safety drawing competition was held in FY10. The competition – to create a drawing based on the theme of safety at home, at school, crossing the road or parents at work, was open to children of Toyota members. This created the opportunity for debate on safety within the family. A total of 189 entries from children across Europe were received.

Health and Safety at Production Sites

Our single event LTI rate has increased. Careful in depth analysis revealed that much of this increase is due to the need to be reactive and the difficulty of identifying hazards when confronted with rapid and frequent changes in our production environment.

Considerable work has been undertaken to minimise this increase, including reinforcing the importance of planning and proactive safety management as well as encouraging active involvement of all our stakeholders. STAR (Stop Think Act Review) is a pocket-sized guidebook introduced at TMUK and used in the production environment to help members identify hazards when preparing for new or unusual tasks. This initiative has now been shared with other plants.

During our annual summer shutdown a large number of contractors come to Toyota plants to support planned maintenance. Such a high level of activity at one time can present many safety challenges. To recognise special effort and to encourage safety *kaizen*, TMMF introduced a "Safety Trophy" award system. Throughout the shutdown, contractors were evaluated on a daily basis to find the best examples of proactive safety management and work area tidiness. From the daily winners an overall winner was selected and a special presentation was made in September by TMMF senior management.

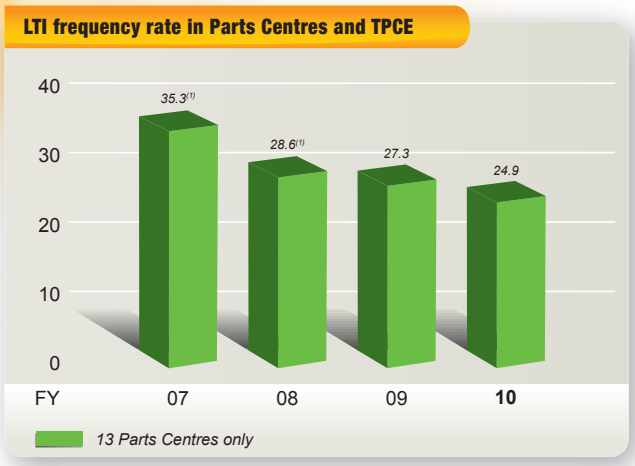
Presentation by TMMF top management to winning companies, including the winner Branson

[1] *No comparable automotive manufacturing industry benchmark data could be found by TME.*

Safety in our Parts Supply Chain Group

Each year our parts centres make more than 15 million movements of parts to satisfy customers and our objective is to perform this task in the safest possible way. Unfortunately we have not achieved our challenge of zero accidents. However we are making positive steps towards this goal.

Our strategy includes maximising actions and learning from every single accident and incident across our network through clear communication and *Yokoten*. This has resulted in a drop in frequency, as shown in the graph.



Before: The team member frequently bends forward to reach parts from the container.

After: Following the in-house assessment, and *Kaizen*, posture was improved, significantly reducing the burden to the team member.

Ergonomics in Manufacturing

In September we held the first dedicated on-site ergonomics conference, bringing together ergonomic specialists from all our manufacturing plants across Europe. One of the topics tackled by the group was continuous improvement of our common ergonomic assessment system.

To ensure we have the very best ergonomic skills within our organisation, there have also been a number of training opportunities. Specialists were given training on using the revised assessment system. Our engineers who are responsible for the design of machinery were also provided with awareness training.

Ergonomics in PSCG

In addition to measures to continue STOP 6 improvements and improve awareness among all levels of the organisation, in 2010 our parts supply group implemented ergonomic assessments.

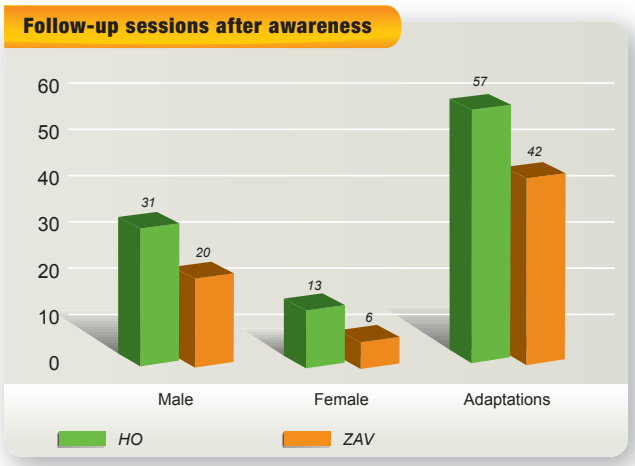
All warehouses were assessed with our ergonomic assessment tool and improvements were implemented in different warehouses in Europe.

As an example, one of the ergonomic improvements realised in the receiving area in TPCE is shown in the photographs.

Both safety and ergonomics activities undertaken by PSCG are in line with the strategic objective to change step by step from a reactive to a proactive safety culture.

Office Ergonomics in TME

Reducing ergonomic burden in the office environment and providing information to members on how to reduce this risk has been a focus for TME in FY10.



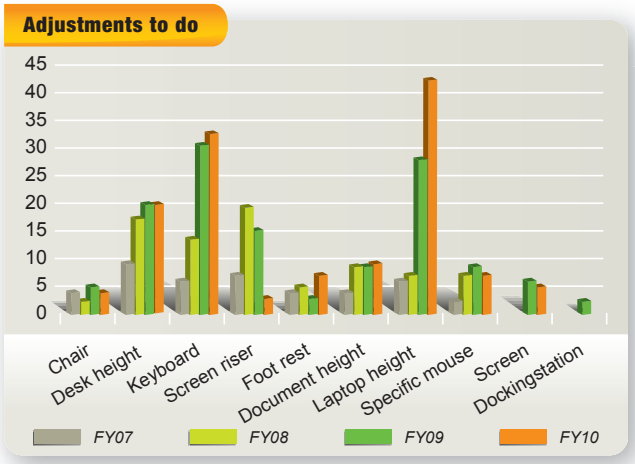
(1) *Extrapolated*

Scientific studies have shown that in an office environment 24-26% of long-term sick leave is related to ergonomic issues. The office and workshop ergonomics project is complementary and supports our aim to provide a comfortable and pleasant work environment. Personal well-being however also depends on how members use their office or workshop equipment.

Office Ergonomics

We spend a lot of our working time at our desks working with our computers, which can cause physical strain (such as pain in shoulders and neck) and visual problems. We regularly organise information sessions where members are taught how personal workspace may be adapted and well-being may be further improved. We also provide individual advice along with our external medical service. We hold group awareness sessions, in which general ergonomic advice is given.

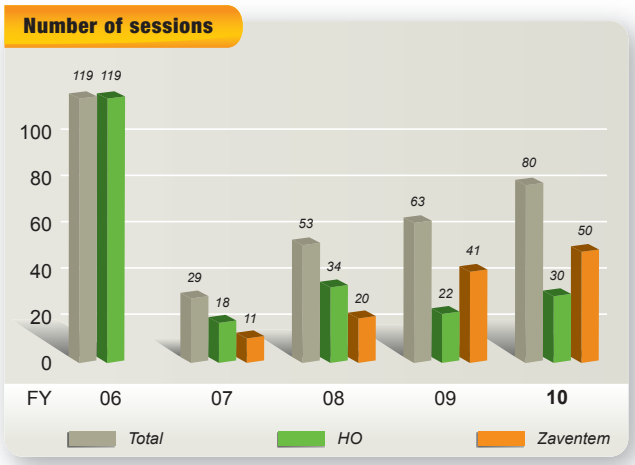
Our Health and Safety department organised 80 individual sessions in our Head Office and Technical Centre. Just over 280 adaptations were made during the individual sessions and 130 adaptations were made after the sessions.



We make adjustments to our equipment based on the recommendations of the ergonomic specialist.

For example, more members in our Technical Centre now work using a laptop. Technicians need more flexibility to work with a computer, both in the office as well as in the workshop or on the road.

Workshop Ergonomics



On request of the division, or when the risk assessment of certain activities shows a significant risk for the human body, group sessions are organised in the workshop. This year's ergonomic workshop focused on our contractors in the vehicle logistics site at Zeebrugge, Belgium.

Ergonomic advice is crucial as many of the contractors' activities such as placing towing hooks and parking sensors are related to heavy load, work underneath a car or work in the compact area of a car.

Engaging with Business Partners

Mark Adams

Vice-President Purchasing

"2011 brought a new challenge to the automotive industry via the aftermath of the Great East Japan Earthquake. We quickly learnt that the affected region was home to many suppliers in the lower tiers of the supply chain, providing key components to many of our vehicle functions."

Mark Adams

The destruction brought by the tsunami, the interruptions to electricity and associated logistical access problems, resulted in serious loss of capacity in Japan for critical electronic components. These highly sophisticated devices are widely used by the global automotive industry and Toyota in Europe was equally impacted.

Production volumes were significantly reduced in April and May as a result. We were keen to communicate this as quickly and clearly as possible to our suppliers in Europe to enable them to plan their own production and manage their resources effectively. Our new "supplier self service" communication portal proved valuable in this respect.

Our attention was also drawn to the possible financial distress that suppliers may be experiencing. The recent economic crisis had left some suppliers in a fragile financial condition. The deterioration of cash flow due to volume reduction would require additional customer support mechanisms. Once again, a daily regime of risk management was initiated.

We remain true to our principles of quality first, and treat downtimes as opportunities to improve our processes and systems to be even stronger for when the good times return. This spirit of never-ending improvement defines the spirit of Toyota and its suppliers working together to build a better future.

The Toyota Purchasing Policy

The Global Toyota Purchasing Policy remains the bedrock for all our business operations in the purchasing division.

In our relationships with suppliers, we identify long term investment in safety and quality as key pre-requisites of a sustainable business model.

In spite of the enormous challenges of recovery from the recent financial crisis, and the earthquake, we remained consistent in applying the Purchasing Policy pillars.

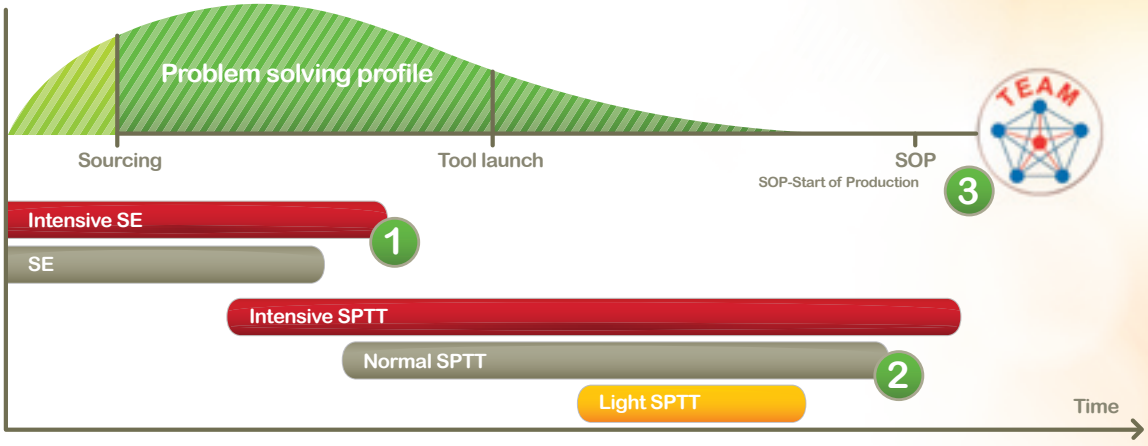
Toyota's corporate social responsibility policy drives the daily operations of the purchasing teams.

Our focus on safety at every aspect of our operations, in-house and at suppliers remains the second fundamental business pillar.

In the area of quality, we set targets to ensure customer satisfaction that should ensure a path to sustainable growth.

Tailored quality improvement for sustainable growth

From supplier selection until the end of the production line, we have intensified the work we do with our suppliers and developed a cross-divisional team to continuously improve our products.



1. The quality process starts at the design phase before any parts have been produced. During the sourcing stage, Toyota R&D work in partnership with the suppliers' R&D to ensure built-in quality happens at the earliest stage of the design process. This is referred to as simultaneous engineering (SE).
2. Toyota makes a risk assessment against design and process factors. The aim is to focus our engineering resources where the quality benefit is greatest through suppliers parts tracking teams (SPTT).
3. Toyota shares best practice with its' suppliers through the TEAM supplier association, which has expanded to 70 suppliers across our European supply base with a shared goal of achieving world class quality.

As a European OEM, we continue to invest in people and processes across Europe to combine Toyota's production process experience with European automotive innovation and knowledge.

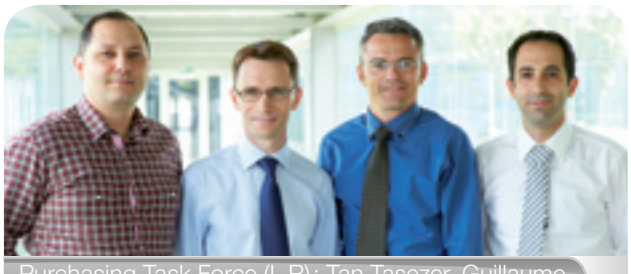
Working Together with Suppliers on Risk Management

The experiences of the global financial crisis taught us lessons that have enabled Toyota and our suppliers to work together in a mutually supportive manner.

On March 18th 2011, the Annual Business Meeting (ABM) hosted some 350 suppliers at our Zaventem (Brussels, Belgium) R&D site. Following the events of March 11th, the final preparations of this meeting were greatly challenged requiring crucial revisions. The scale of the severe parts supply disruptions was carefully considered.

During the ABM, key business targets and achievements were exchanged, complemented with messages of deepest sympathy to the Japanese people. We all committed to working together, with the greatest respect and honesty, to ensure recovery in the best conditions. The purchasing group participated in a cross-company taskforce to support the established process of predicting, monitoring and managing risk.

The strong partnership with our European suppliers enabled a detailed mapping of our supply chain and allowed us to accurately predict possible parts production problems for our European manufacturing sites. We communicated regularly with our key stakeholders, and provided new information and updates to the EMCs, Toyota's senior management and other stakeholders three times a day. Many countermeasures were implemented to overcome the impact of the natural disaster, all aimed at returning to normal production as soon as possible to satisfy our customers' demands for Toyota cars. It has been an extremely intensive task, which could not have been completed without the full support of our business partners. We wish to thank our business partners for their hard work and collaborative efforts.



Purchasing Task Force (L-R): Tan Tasezer, Guillaume Jacques, Laurent Eugene, Oscar Sanchez-Lopez

Risk Management Model

Engaging with the Community

"The Toyota Fund for Europe provides seed funding to projects in Europe and gives direction to social contribution activities within our European operations."

Michel Gardel

Tim Thompson, Guillermo Denaux

Environmental Affairs & Corporate Citizenship

TOYOTA FUND FOR EUROPE

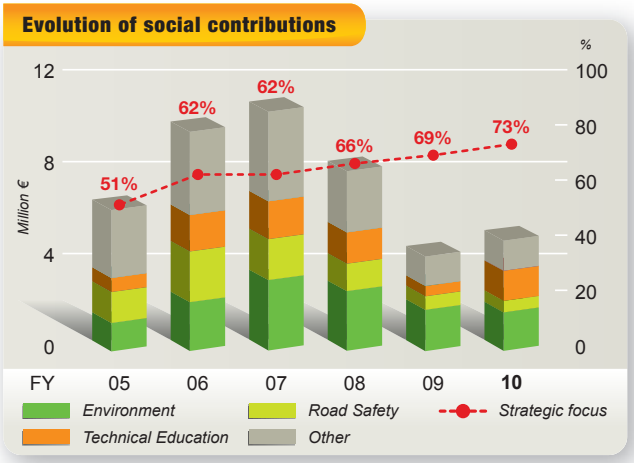
The TFfE is governed by a Board. In order to streamline operations and decision making, the Board has been reduced from 13 to seven members in 2010, including representatives from our subsidiaries and manufacturing plants in Europe. All Board members have senior management positions within Toyota in Europe.

The Board meets twice a year to define overall social contributions strategy and direction, both for TFfE and Toyota Motor Europe as a whole. Its main role is to:

- Identify, select and approve appropriate projects for TFfE
- Review and evaluate the projects supported
- Support Toyota Motor Europe subsidiaries' project development and strategy setting.

In FY10, the TFfE Board committed to supporting nine projects in Europe. Spending on social contributions via TFfE in this period totalled just over €343,000. Despite the continued challenging business environment in Europe, TFfE is committed to supporting social contribution activities in Europe.

Evolution of social contributions



2010 Total European Social Contributions

Since the start of the financial crisis in 2008, the number of activities supported in Europe has decreased. This trend was stopped in 2010. Total social contributions to local community initiatives totalled €4.99 million, an increase of 19% from 2009.

We continue to give priority to the strategic areas of Environment, Road Safety and Technical Education.

For all projects supported in Europe, 73% are in one of these strategic areas. Environmental projects represent 35% of the total in 2010. We have also supported non-profit organisations through employee involvement, fundraising activities and in-kind donations.

For more information on over 300 projects supported by Toyota in Europe visit **www.toyotafund.eu**

2010 Examples of Environmental Projects Supported in Europe

Eco-Schools

Eco-Schools is an environmental education programme run by the Foundation for Environmental Education (FEE), which helps schools become more sustainable. Approximately 11 million students from 37,900 schools in 50 countries are part of the Eco-Schools network. Joining with Eco-Schools, Toyota Motor Europe set up the Environment and Innovation International Competition through its Toyota Fund for Europe. This competition encourages students to design real solutions to today's environmental problems. Winning entries receive a grant which enables students to transform their ideas into action.

In 2009, Toyota retailers also joined the competition, supporting and working with students on their projects.

The winner of the last competition (2009-2010) was Eltang Centralskole from Denmark. Their project addressed the theme "Let's Save Energy" by highlighting energy consumption and suggesting ways to reduce it. The students studied and classified the energy use of different items like lamps, computers and radiators and identified simple ways to save energy when using them.

The winners of the 2009-2010 competition

Building on that knowledge, they created smartphone barcodes for all items, enabling anyone interested in learning how to save energy to simply scan the barcode with their smartphone and receive relevant energy reduction ideas. Students showcased this innovative project at the supporting retailer Bil & Co.

In 2010, a new theme "Let's Reduce Waste" was launched in four countries: Denmark, Slovenia, Latvia and Turkey. This competition will continue throughout 2011 linking schools with retailers to share best practices and find innovative ways of tackling environmental problems.

For more information visit: **www.eco-schools-toyota.org**

Biodiversity activity of Toyota Spain - Día de Reforestación


(L-R): **Ana Leiva** - Fundación Biodiversidad Director, **Jacques Pieraerts** - Vice-president & COO of Toyota Spain, **Marion Stoller** - Fundación Félix Rodríguez de la Fuente Communications and Development Director, **Katsuhito Ohno** - President & CEO of Toyota Spain, **Odile Rodriguez de la Fuente** - Fundación Félix Rodríguez de la Fuente Director.

In November 2010, Toyota Spain, together with a group of NGOs, organised a reforestation project. More than 8,000 people participated in the project and thousands of trees were planted. This is the third consecutive year that this event has been celebrated.

Urban Infrastructure Initiative – UII
World Business Council for Sustainable Development (WBCSD)

"Envision a world where cities would provide a sustainable environment for people to live, work, move and play. This becomes more challenging every day as the urban population increases. Considering the different city priorities, sustainability requires an integrated approach, taking a systems-wide view of the interlinked challenges."

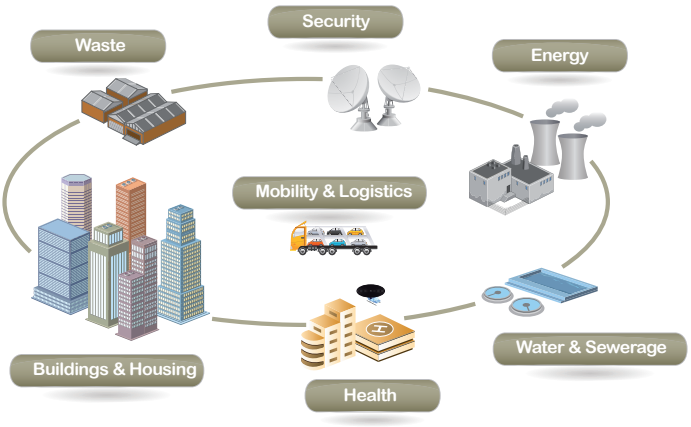
Didier Stevens

Didier Stevens

Senior Manager Environmental Affairs

The Urban Infrastructure Initiative (UII) envisions a world where cities provide a sustainable environment for people to live, work, move and play. The UII began in 2010 as a business contribution to urban sustainability. It has gathered a group of companies from different sectors. The UII companies involved are: ACCIONA, AECOM, AGC, CEMEX, EDF, GDF-SUEZ, Honda, Nissan, Philips, Schneider Electric, Siemens, TEPCO, TNT, Toyota and UTC.

The UII companies understand the interconnected nature of sustainable cities, and they already work with urban planners and engineers to provide specific services and solutions. However, urban infrastructure development requires an integrated approach with a systems-wide view from the start. The aim of the UII is to prove that involving business early in the urban planning process will generate more competitive and cost-effective solutions. In addition, a multi-company approach should facilitate the development of needed cross-sector strategies (see figure).



The UII project ran its first dialogue in Europe in Turku (Finland) in December 2010. A UII team has been formed, which supported the city in preparing the new Sustainable Energy Action Programme in three areas: energy use, energy supply and transportation (mobility, logistics).

The respective UII team delivered a set of recommendations for the city's sustainability action plan. The Turku report will be published in September 2011.

Other Fuels-Related Activities

As a member of the Alliance for Synthetic Fuels in Europe (ASFE) we:

- Participated in a lunch debate at the European Parliament
- Contributed to Directorate-General Moves 'Future fuels for transport report' *(http://ec.europa.eu/transport/urban/vehicles/road/doc/2011_01_25_future_transport_fuels_report.pdf)*
- Participated in the public hearing for the Strategic Transport Technology Plan
- Participated in several meetings with EC officials

Within our ACEA membership we:

- Contributed to the vehicle and biofuels towards 2010 communication *(http://www.acea.be/images/uploads/files/20100512_ACEA_communication_biofuels_2020.pdf)*
- Contributed to the list of ACEA member company petrol vehicles compatible with E10 petrol *(http://www.acea.be/images/uploads/files/20110318_list_of_petrol_vehicles_compatible_with_E10_petrol.pdf)*

Economic Performance

With declining volume for the third consecutive year, our operations in Europe have faced an unprecedented challenge. But this has also been a great opportunity to rethink our processes and challenge our cost structure to become a more lean and efficient organisation.

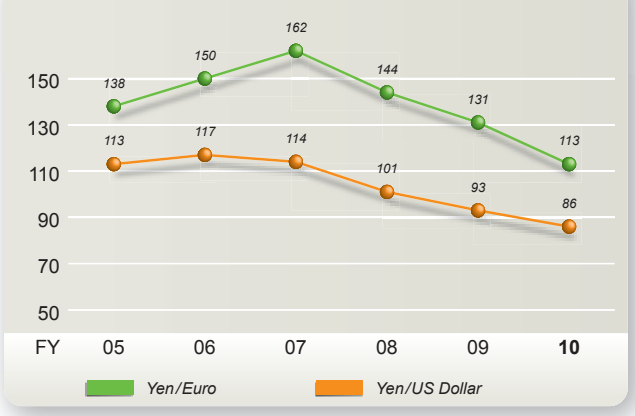
Ludo Vandervelden

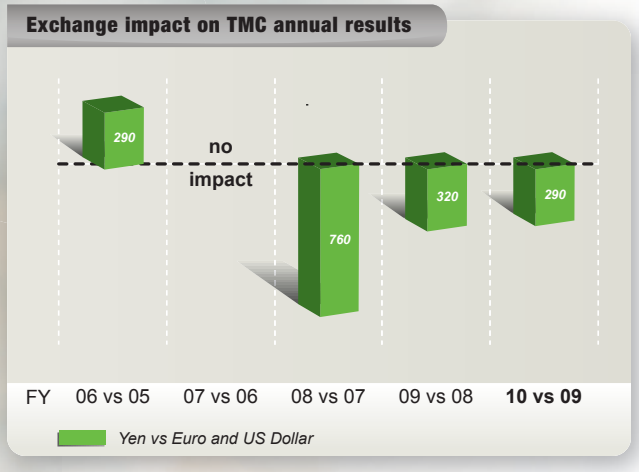
Ludo Vandervelden
Senior Vice-President
Accounting, Finance,
Information Systems & Legal

We are aiming to rebound when market demand recovers and we want to reduce our exposure to the impact of any market downturn in the future. We will contribute to our parent company's consolidated financial results by securing sustainable profitability for European operations and by becoming a global development centre for small and compact cars. To achieve these objectives we are pursuing two directions:

1. Our continual focus is to exceed customers' expectations. We aim to produce and sell vehicles with the highest standards of quality and to integrate the latest technological and environmental developments. As Europe is the leading place for these activities, we are designing and developing truly European cars in Europe for our European customers.
2. We are aiming for an exchange rate risk-free business structure, with natural currency hedging of our revenues with our production costs. This is a critical objective, as in addition to the economic crisis, Toyota Motor Corporation's consolidated results have been impacted significantly by the 30% appreciation of the Japanese Yen versus the Euro and the US Dollar since FY07. The cumulative negative impact exceeds 1,370 billion Yen.

Exchange rates





These two objectives can be achieved through the localisation of design, research and development capabilities to Europe, procurement of parts and components from European suppliers and production of models, where Europe should be the centre of excellence.

Through these activities, we can contribute to Toyota's global performance and we can develop self reliance of our operations in Europe. This is an ambitious challenge for us, but we are fully committed to succeeding.

Measuring Economic Performance

Market Context

In FY10, the automotive market has expanded in terms of emerging countries and technological development. New product launches have been accelerated due to an increase in customers' demands for compact and low-price cars and due to the growth of worldwide environmental consciousness.

In Europe, despite a decrease in both sales and production volume, our net revenues increased by 7% due to a favourable model mix resulting from the reduction of sales of A and B segment vehicles, which were the main beneficiaries in FY09 of the various old car scrapping programmes implemented in most Western European countries.

Consolidated operating income for Europe increased by €368 million to a €116 million profit, mainly due to ongoing cost reduction activities in all areas.

Consolidated Financial Results for Europe (in million Euro)

	FY06	FY07	FY08	FY09	FY10
Net Revenues	23,615	24,651	20,925	16,390	17,535
Operating Expenses	22,699	23,777	21,919	16,641	17,419
Operating Income	916	874	(995)	(252)	116
Assets	19,448	19,294	16,143	16,143	17,091

Source = TMC Annual Results - segment information

Vehicle and Market Share in Europe

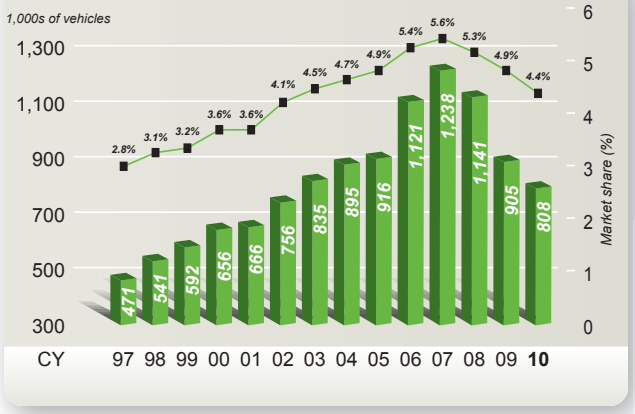
In 2010, the European car market remained almost flat at 18.4 million units. The year-on-year 3.7% decrease in Western Europe was mainly due to the end of programmes to provide incentives to motorists to scrap old vehicles and replace them with more energy-efficient vehicles.

By contrast Central and East Europe markets, where these programmes were not offered, grew by 18.9% after a 41.7% drop in 2009.

Under these circumstances, Toyota sales in 2010 were 808,311 units and Toyota's market share was 4.4% which is 0.4% lower than in 2009.

We managed to contain the impact of the decrease in volume by continuing our cost reduction efforts. We also further enhanced supply and demand management process and we adjusted inventory levels and production levels to meet market demand.

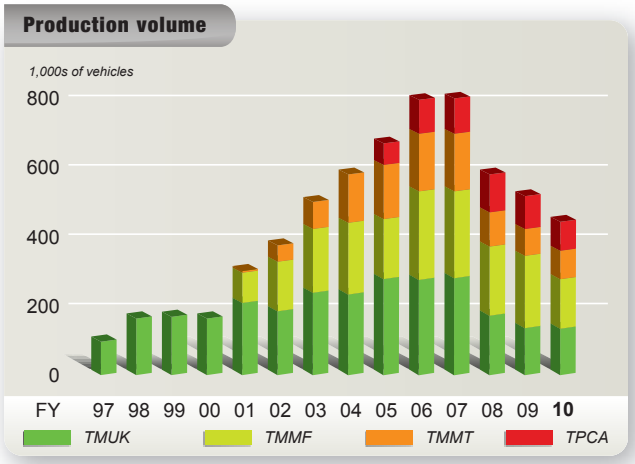
Vehicle and market share in Europe



Production Volume

Production volume in Europe was adjusted to align with the decrease in demand. As a result, our annual production volume reduced from 544,050 units in FY09 to 465,868 units in FY10. The reduction mainly affected the production of Aygo and Yaris vehicles, which were the main beneficiaries of government scrapping incentives programmes in FY09.

Production volume



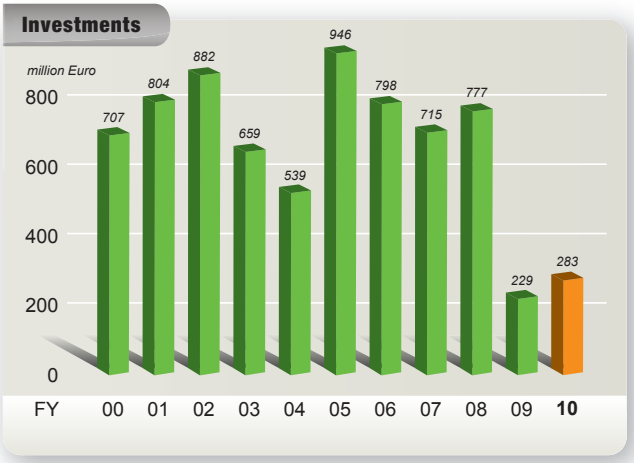
Sustainable Investments

Investments in FY10 amounted to €283 million compared to €229 million in FY09 which was the lowest investment level for the past ten years. In FY10, we started investing in equipment for the Yaris model change, which is planned for FY11. We continued our activities to enhance investment control and to prioritise investment projects.

In 2010 the production of Auris Hybrid, Toyota's first European-built full hybrid vehicle, started at the Toyota Motor Manufacturing UK plant in Burnaston, Derbyshire. The production of a small Hybrid vehicle at the Toyota Motor Manufacturing France plant in Valenciennes in 2012 was also confirmed.

In 2010, the expansion of the testing facilities of our research and development premises in Zaventem, Belgium was completed. Through this investment, we have strengthened our capability to develop vehicles that meet the expectations of our European customers.

Investments



R&D Zaventem Proving Ground

Erik Van de Wiele, Glenn Pieters

Erik Van de Wiele
Director Business Services

Glenn Pieters
Manager European Technical Administration

Case Study 6

Since January 2011, R&D has started using the newly constructed proving ground in Zaventem, Belgium, which was officially handed over to the "users" in October 2010. This marked the completion of a project that began three years earlier, with the purchase by Toyota Motor Europe of 12 hectares of land, adjacent to the existing site of the Technical Centre.

Erik Van De Wiele, Project Director and Glenn Pieters, Project Manager, have led the cross-functional team and give some further insight.

Areal view of the proving ground (asphalted area is 65,000m²)

What are the main reasons for having a proving ground for R&D in Zaventem?

Erik: The need to have a proving ground has come from the enhanced activities of R&D in the Technical Centre in Zaventem, which has been there since 1987 and which has more than 700 employees. With the growing responsibility for the development of cars, it has become necessary for R&D to be able to have testing and evaluations done quickly and efficiently, particularly in the areas of quality and safety. In the past, specialised and expensive third-party facilities had to be booked and used for this, which meant people and vehicles needed to be transported to these premises. Additionally, having a proving ground next door enables a faster reaction time to customer demands.

Does this mean all the necessary testing will be performed on the track in Zaventem?

Erik: Most of the tests that are done at less than 120km/h can be done on the proving ground. However, for all high speed testing (above 120km/h) it will still be necessary to use larger test tracks and R&D will continue to have to test vehicles in colder regions for specific winter testing.

Could you tell us more about the specific features of the test track?

Glenn: The biggest part of the proving ground is the oval, where most of the testing will be performed. Next to a straight 450m long lane, there is a skid pad with a diameter of 90m. And there are three special road surfaces, namely a harshness road, a low friction road and a rough road, all to be used for specific testing. For example the rough road, which proved to be particularly challenging, is used for noise testing and therefore had to have the same noise characteristics as an existing public road.

Was any attention paid to the impact on the environment?

Glenn: This has been a big focus throughout the project. For example on noise, we have conducted an extensive study to see if there would be any additional impact on the neighbourhood. The results showed that the track has a negligible noise impact. This has also been confirmed during the testing period.

Another feature was related to CO_2 reduction and mobility during the construction phase. By crushing the demolished materials from the old buildings on the site we were able to re-use these materials in the foundation of the track. In this way we were able to re-use 98% of material – 36,432 tonnes, thereby avoiding transportation to a waste collection area as well as transportation of the same volume of new material to the construction site.

Finally, we have also paid a lot of attention to the visual impact, for example in the landscaping and by using natural materials for our retention walls (gabion walls) and fences.

Has safety been an area of particular concern?

Glenn: It certainly has, both during the works and afterwards in the operations. There has been strict compliance to and monitoring of safety procedures during the construction works, with a good result as there have been no work accidents with loss of time. Also for the operational preparation and set up, as well as for the supervision, safety has been a very high priority. Visualisation and continuous monitoring demonstrate the importance we attach to this. For example we have full camera coverage of the operations. We have also implemented a system which sounds an alarm when it detects a car standing still in an area where this could be a risk.

When was the official opening of the R&D test track?

Erik: This happened on 8th July 2011 in the presence of Steven Vanackere, Deputy Prime Minister and Minister of Foreign Affairs, Jun Yokota, the Japanese ambassador and three representatives from the Zaventem commune, Ingrid Holemans, Eric Van Rompuy and Peter Rosel.

Ribbon cutting at the official opening of the Zaventem Proving Ground
(L-R) Hiroyuki Ochiai, TME Executive Vice-President; Peter Rosel, Alderman of Zaventem, Ingrid Holemans, Principle Alderwoman of Zaventem; Eric Van Rompuy, Alderman of Zaventem; Didier Leroy, TME President & CEO; Steven Vanackere, Deputy Prime Minister and Minister of Foreign Affairs; Jun Yokota, Japanese Ambassador; Masahisa Nagata, TME Executive Vice-President.

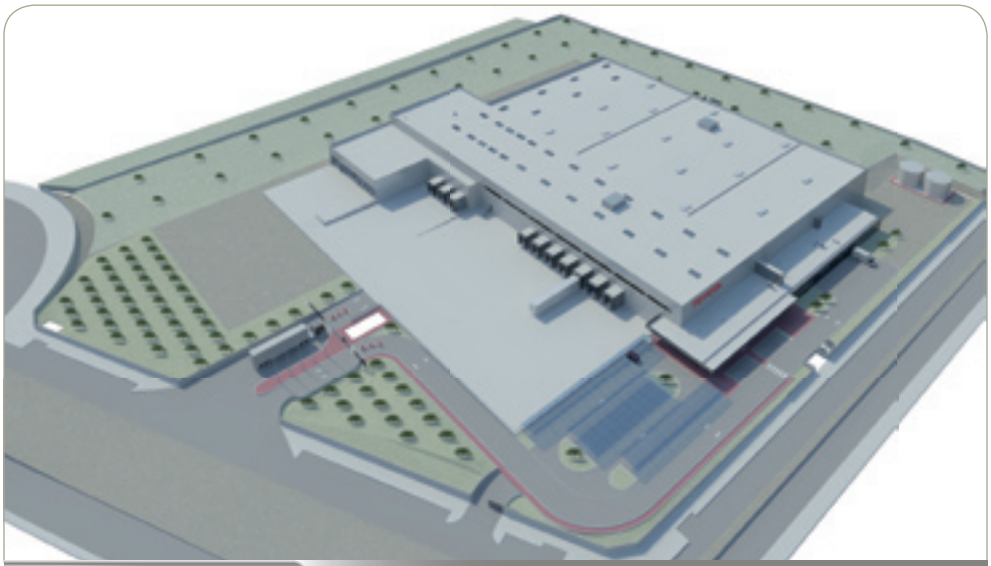
Toyota Parts Centre Spain

Stefaan Mahieur, Jonathan Ballard

Jonathan Ballard
Director Parts Supply Chain Group

Stefaan Mahieur
Expert Regional Depot Operations

Case Study 7



Toyota Parts Centre Spain

Following a transport and logistics network capacity study for the Iberian peninsula and in order to offer a safer work environment for our associates at the Toyota Parts Centre Spain (TPCES) we invested in the construction of a new Parts Centre in Illescas, 40 kilometres south of Madrid. This depot wants to lead by example in terms of sustainable logistics building design and safety in operations.

Sustainable Design

The TPCES warehouse was designed in the philosophy of the Building Research Establishment Environmental Assessment Method (BREEAM). BREEAM includes the management, health and well-being, energy, transport, water and material aspect of the construction project and the future building. The building was designed targeting a good to very good rating in the pre-assessment and therefore includes features such as energy-

efficient lighting, smart lighting controls, energy sub-metering, leaking water detection, rainwater re-use, sustainable materials and high insulation materials.

Heating, Ventilation & Air Conditioning (HVAC)

Given the extreme climate in Castilla, La Mancha region (cold winters and very hot summers), a heating, ventilation and air conditioning system was required that guarantees a qualitative indoor climate for our warehouse staff, at the same time is sustainable and preferably self-reliant.

Following an extensive study which considered adsorption chillers and evaporative coolers, high efficiency heat pump driven rooftop units were selected. These units recover energy from the exhaust air in two steps of the operating process.

TPCES is now considering installing a photovoltaic array that fully covers the electrical consumption of this high efficient heating, ventilation and air conditioning system. In this fully carbon neutral set-up, over 100 tonnes of CO_2 can be saved per year.

No conventional combustion boilers will be installed in order to avoid any emissions (carbon monoxide, hydrocarbons and nitrogen oxides).

Tree Preservation

At the time of its acquisition, the land where the new TPCES warehouse is being built was partially occupied by a centenary olive grove. The preservation of more than 120 olive trees developed into a project priority, and TPCES selected to transfer them to a location in Fresno de Torote (north of Madrid), rather than permitting their destruction. The Spanish Biodiversity Foundation helped to prune, prepare and transport the trees.

Centenary Olive Grove

Glossary of terms

ABM	Annual Business Meeting
ACEA	European Automobile Manufacturers' Association
ASFE	Alliance for Synthetic Fuels in Europe
BREEAM	Building Establishment for Environment Assessment Method
CCI	Corporate Citizenship Index
CLP	Classification, labelling and packaging of substances and mixtures
CO_2	Carbon Dioxide
CSR	Corporate Social Responsibility
CUS	The City and Urban Community of Strasbourg
ED2	Toyota Europe Design Development Centre
EDF	Electricité de France
ELV	End-of-Life Vehicle
EMC	European Manufacturing Company
EMS	Environmental Management System
ETS	Emissions Trading Scheme
ETSC	European Transport Safety Council
EU	European Union
EV	Electric Vehicle
FCHEV	Fuel Cell Hybrid Electric Vehicle
FEE	Foundation for Environmental Education
FY	Financial Year (1 April – 31 March)
Genchi Genbutsu	Japanese term that roughly translates to "go to the source to find the facts"
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
HEV	Hybrid Vehicle
HO	Head Office
Hoshin	Japanese term that translates to "direction" or "needle", as in a compass. Usually used as Hoshin Kanri, meaning Direction Management.
HSD	Hybrid Synergy Drive
HR	Human Resources
HVAC	Heating,Ventilation and Air-Conditioning
ISO	International Organisation for Standardisation
Kaizen	Japanese term that roughly translates to "continuous improvement"
KPI	Key Performance Indicator
LTI	Lost Time Injuries
Muda	Japanese term that translates to "waste"
NCAP	New Car Assessment Programme
NGO	Non-Governmental Organisation
NMSC	National Marketing and Sales Company
NOx	Nitrogen Oxide

OEM	Original Equipment Manufacturer
PDC	Parts Distribution Centre
PHEV	Plug-in Hybrid Electric Vehicle
PLC	Parts Logistics Centre
PPLD	Production Parts Logistics Department
PSCG	Parts Supply Chain Group
QDR	Quality Durability Reliability
R&D	Research & Development
REACH	Registration, Evaluation, Authorisation of Chemicals
RoHS	Reduction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment
SE	Simultaneous Engineering
SPTT	Supplier Parts Tracking Team
STAR	Stop Think Act Review
T-BEL	Toyota Belgium
TCAP	Toyota Caetano Portugal
TCO	Total Cost of Ownership
TEAM	Toyota European Association of Manufacturers
TEF	Toyota European Forum
TFfE	Toyota Fund for Europe
TGMO	Toyota Genuine Motor Oil
TMC	Toyota Motor Corporation
TME	Toyota Motor Europe
TMIP	Toyota Motor Industries Poland
TMMF	Toyota Motor Manufacturing France
TMMP	Toyota Motor Manufacturing Poland
TMMR	Toyota Motor Manufacturing Russia
TMMT	Toyota Motor Manufacturing Turkey
TMUK	Toyota Motor Manufacturing UK
TPCA	Toyota Peugeot Citroën Automobile
TPCCZ	Toyota Parts Centre Czech Republic
TPCE	Toyota Parts Centre Europe
TPCES	Toyota Parts Centre Spain
TPS	Toyota Production System
UII	Urban Infrastructure Initiative
UK	United Kingdom
VLC	Vehicle Logistics Centre
VLG	Vehicle Logistics Group
VOC	Volatile Organic Compounds
WBCSD	World Business Council for Sustainable Development
WRI	World Resources Institute
Yokoten	Japanese term that means "sharing of best practice"

Global Reporting Initiative Index

Net Balance Management Group has checked our reporting and has confirmed it to be Application Level A.

ELEMENT	DESCRIPTION	STATUS	PAGE
1.1	Statement from the most senior decision-maker of the organisation.		3
1.2	Description of key impacts, risks, and opportunities.		3
2.1	Name of the organisation.	Toyota Motor Europe	
2.2	Primary brands, products, and/or services.		2
2.3	Operational structure of the organisation.		2
2.4	Location of organisation's headquarters.		2, 72
2.5	Number of countries where the organisation operates.		2
2.6	Nature of ownership and legal form.		2, 72
2.7	Markets served.	www.toyota.eu/about/pages/toyota_world.Asp	2
2.8	Scale of the reporting organisation.		2
2.9	Significant changes during the reporting period.		2
2.10	Awards received in the reporting period.		4, 19
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.		2
3.2	Date of most recent previous report (if any).		2
3.3	Reporting cycle (annual, biennial, etc.)	Annual	
3.4	Contact point for questions regarding the report or its contents.		2, 72
3.5	Process for defining report content.		2
3.6	Boundary of the report.		2
3.7	State any specific limitations on the scope or boundary of the report.		2
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities.		2
3.9	Data measurement techniques and the bases of calculations.		2, 16
3.10	Explanation of the effect of any re-statements of information provided in earlier reports.	There have been no re-statements.	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.		2
3.12	Table identifying the location of the Standard Disclosures in the report.		67-71
3.13	Policy and current practice with regard to seeking external assurance for the report.	We undertook rigorous internal auditing to ensure the data in this report is correct. We have not undertaken external assurance for this report.	
4.1	Governance structure of the organisation.		8
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.		8
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.		8
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.		8
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	Executives within Europe are compensated according to industry rates and performance. Senior executives of Toyota in Europe review the performance against annual objectives and key performance indicators under the Toyota global assessment performance framework.	8
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.		8
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.		8
4.8	Internally developed statements of mission or values, codes of conduct, and principles.	Toyota Code of Conduct Toyota Guiding Principles	41
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance.		8

4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Executive remuneration is subject to annual review and is composed of a fixed salary payment and an incentive programme that is tied to the achievement of organisational targets in the financial year.	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.		40-51
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.		45-58
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations.		56-58
4.14	List of stakeholder groups engaged by the organisation.	The key stakeholder groups we engaged with are employees, customers, suppliers and the local community.	41
4.15	Basis for identification and selection of stakeholders with whom to engage.	We focus on the stakeholder groups who are primarily affected by our operations or who affect our organisation.	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.		41-45, 47-49, 54-58
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.		42, 43

Economic Disclosures on Management Approach			
DMA EC	Economic Performance		59-61
DMA EC	Market Presence		60
DMA EC	Indirect Economic Impacts		59
EC1	Direct economic value generated and distributed.		59-61
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.		59-61
EC3	Coverage of the organisation's defined benefit plan obligations.	Depending on the country of operation, our operations in Europe have social security systems that are competitive in the industry and locality where required by local practices.	
EC4	Significant financial assistance received from government.	None.	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	The majority of our spend is with suppliers based in Western Europe (35%). This is followed by the UK (25%), Eastern Europe (18%), Turkey (17%) and Japan (5%).	55
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Since our operations are spread across Europe, we attempt to hire from across the region, with a focus on hiring local people wherever possible.	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.		13, 56-57
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.		59-61

Environmental Disclosures on Management Approach			
DMA EN	Materials		16, 40
DMA EN	Energy		16-26
DMA EN	Water		16-26
DMA EN	Biodiversity	We do not have land in biodiverse habitats but activities to promote biodiversity.	57
DMA EN	Emissions, effluents and waste		16-26
DMA EN	Products and Services		13-15, 27-31
DMA EN	Compliance		10, 16
DMA EN	Waste		16, 40
DMA EN	Overall		16, 40
EN1	Materials used by weight or volume.	The main material used by Toyota Motor Europe is steel. In 2010, TME procured 276,000 tonnes of steel.	
EN2	Percentage of materials used that are recycled input materials.	We do not collect this data but plan on reporting on this in the next two years.	
EN3	Direct energy consumption by primary energy source.		16-21
EN4	Indirect energy consumption by primary source.		16-21
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.		16-21, 28-31, 34-37
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		4, 17, 16-21
EN8	Total water withdrawal by source.		5, 16
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		57
EN13	Habitats protected or restored.		57
EN16	Total direct and indirect greenhouse gas emissions by weight.		5, 16-21
EN17	Other relevant indirect greenhouse gas emissions by weight.		5, 16-21
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.		4, 17, 23-26
EN19	Emissions of ozone-depleting substances by weight.	Toyota Motor Europe sites do not use materials that contain ozone-depleting substances, except for fire extinguishers, some refrigerants and air conditioning units, therefore emissions of these substances are minimal and not deemed significant.	
EN20	NOx, SOx, and other significant air emissions by type and weight.	This information is reported in all relevant product brochures.	16
EN21	Total water discharge by quality and destination.		16
EN22	Total weight of waste by type and disposal method.		16
EN23	Total number and volume of significant spills.		5, 16
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.		5
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	We do not have the data collection systems in place to be able to report on this indicator. We plan to do so by 2013.	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.		5, 16
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.		22-26

Social Labor Practices and Decent Work – Disclosures on Management Approach			
DMA LA	Employment		47-50
DMA LA	Labour/Management Relations		51
DMA LA	Occupational Health and Safety		51, 52
DMA LA	Training and Education		48, 49
DMA LA	Diversity and Equal Opportunity		48, 49
LA1	Total workforce by employment type, employment contract, and region.		49-50
LA2	Total number and rate of employee turnover by age group, gender, and region.	We do not collect data on turnover by age group, gender or region. We plan on reporting on this in the next two years.	50
LA4	Percentage of employees covered by collective bargaining agreements.	Percentages differ by our countries of operation. We recognise the right of employees to freely associate and adhere to all applicable laws on collective bargaining in each country we operate in.	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Operational changes are determined in line with the local legislature of the locations in which we operate and, in line with which and as applicable, discussions with our social partners.	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	There were no occupational diseases reported in the manufacturing and parts centres in FY10.	51, 52
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.		52-53
LA10	Average hours of training per year per employee by employee category.	We do not have the data collection systems in place to report fully on this indicator. We plan on reporting fully on this by 2014.	48
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.		49-50
LA14	Ratio of basic salary of men to women by employee category.	In terms of pay between males and females, the company's pay policies are designed to promote equal pay for equal contribution, capability and experience. There is no difference between pay ratios by virtue of gender.	

Social Human Rights: Disclosures on Management Approach			
DMA HR	Investment and Procurement Practices		54, 55
DMA HR	Non-discrimination		49
DMA HR	Freedom of Association and Collective Bargaining	Through communication and dialogue with our employees, we build and share the value "Mutual Trust and Mutual Responsibility" and work together for the success of our employees and the company. We recognise our employees' right to freely associate, or not to associate, complying with the laws of the countries in which we operate.	
DMA HR	Child Labour	We respect and honour the human rights of people involved in our business and, in particular, do not use or tolerate any form of forced or child labour.	
DMA HR	Forced and Compulsory Labour	We respect and honour the human rights of people involved in our business and, in particular, do not use or tolerate any form of forced or child labour.	
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Nil.	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Suppliers are not specifically screened on human rights. However all suppliers need to sign a contract to be a supplier which includes compliance to our Purchasing Policy.	
HR4	Total number of incidents of discrimination and actions taken.	There were no incidents of discrimination reported in the reporting year.	

HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	No risk to exercise freedom of association and collective bargaining has been identified. We comply with all applicable laws in our countries of operation.	
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elim ination of child labour.	No risk of child labour has been identified. We comply with all applicable laws in our countries of operation.	
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	No risk of forced or compulsory labour has been identified. We comply with all applicable laws in our countries of operation.	

Social Society: Disclosures on Management Approach			
DMA SO	Community		56, 57
DMA SO	Corruption	Please see SO2-SO4.	
DMA SO	Public Policy	Our approach is to make public submissions when issues emerge that are relevant to our business.	
DMA SO	Compliance		
SO1	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.		3, 42, 56
SO2	Percentage and total number of business units analysed for risks related to corruption.	We do not analyse business units for organisational risks relating to corruption.	
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	In FY10, there was no recruitment, so no new training was given on anti-corruption. All existing employees were trained in FY08 & FY09 and all newcomers via the induction process upon arrival. Our policy is available on the company intranet.	
SO4	Actions taken in response to incidents of corruption.	There were no cases of corruption in the reporting period.	
SO5	Public policy positions and participation in public policy development and lobbying.		9, 10, 13, 58
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Nil.	

Social Product Responsibility: Disclosures on Management Approach			
DMA PR	Customer Health and Safety		45
DMA PR	Product and Service Labelling		10
DMA PR	Marketing Communications	Please see PR6.	
DMA PR	Compliance		10, 16
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.		12-15, 43, 58
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.		12-15, 45
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		44
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	There is no EU standard on this. Therefore we monitor this at a national level in every country where we operate. TME has a compliance clause in relevant contracts with suppliers. Suppliers and NSMCs must adhere to these, and are contractually bound.	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Nil.	

Toyota Motor Europe is a Belgian limited company with a registered office at :
Avenue du Bourget 60
1140 Brussels, Belgium

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For any questions, please contact : info@toyota-europe.com

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