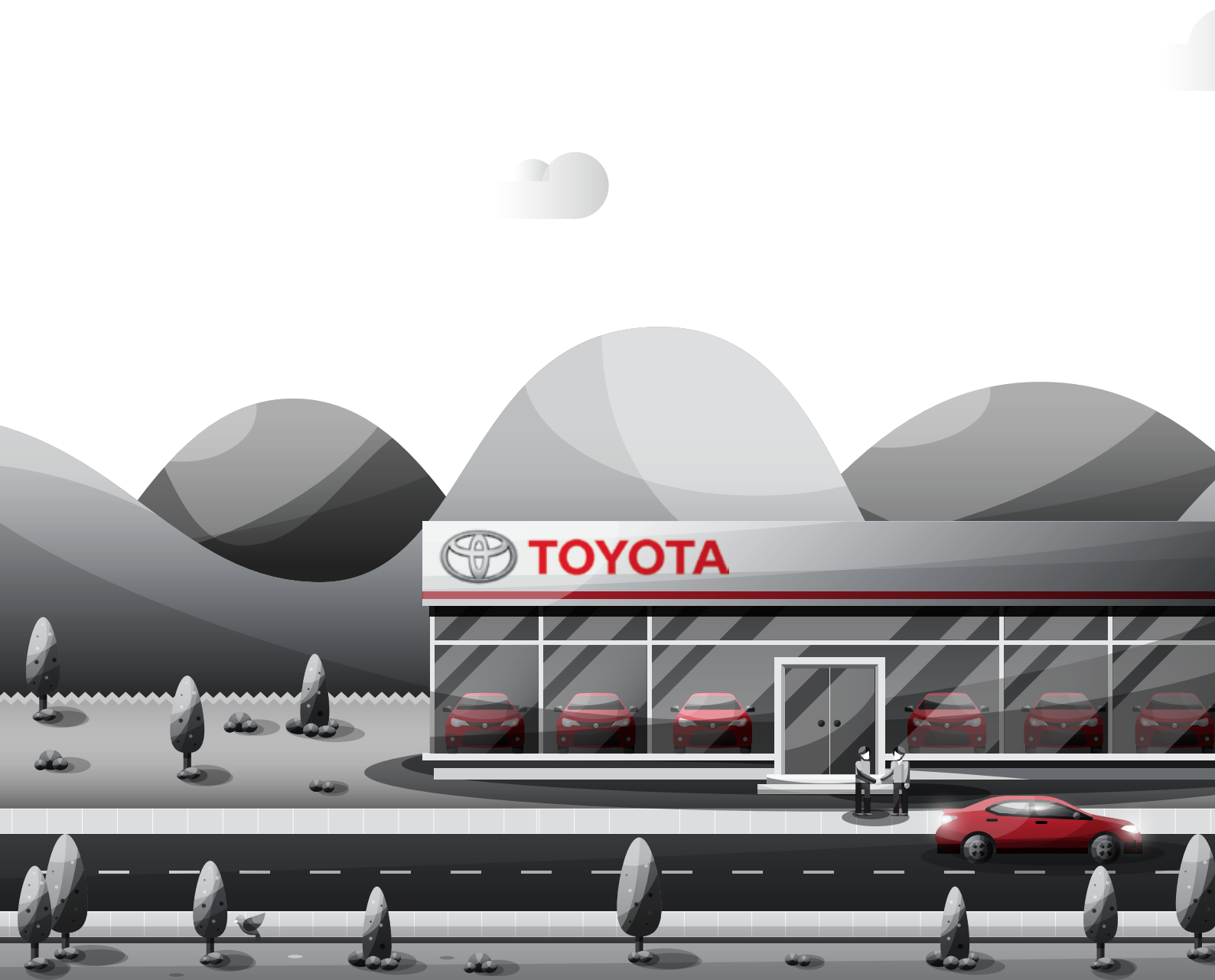




2016 SUSTAINABILITY REPORT

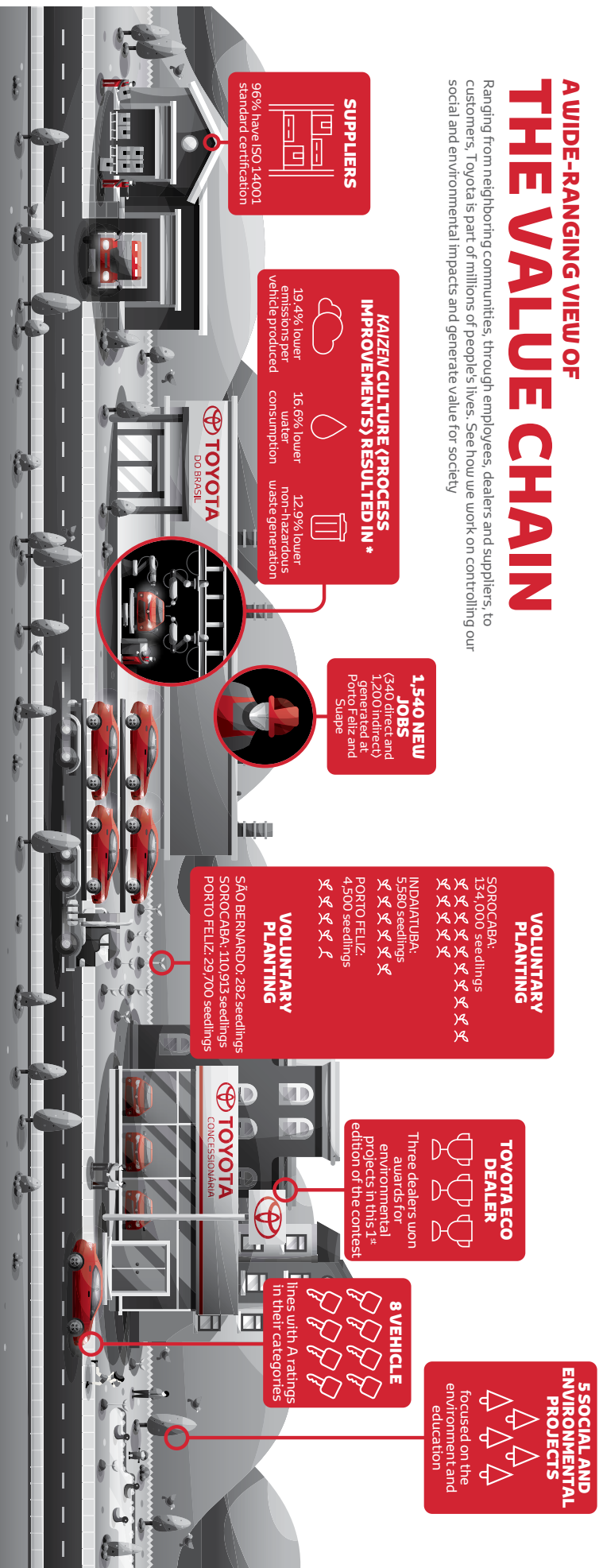


SUMMARY

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A WIDE-RANGING VIEW OF THE VALUE CHAIN

Ranging from neighboring communities, through employees, dealers and suppliers, to customers, Toyota is part of millions of people's lives. See how we work on controlling our social and environmental impacts and generate value for society



78% CUSTOMER SATISFACTION rate for service provided

MESSAGE FROM THE PRESIDENT

G4-1

Even in this recessive conjuncture, the company maintained its investments in developing employees and in expanding the operation

Throughout our history we at Toyota have sought to build a partnership with Brazilian society based on mutual gains. Just two years away from celebrating the sixtieth anniversary of the implantation of our first factory outside of Japan, demonstrating our confidence in this country, we remain strongly committed to the idea that a company must do more than generate employment, drive the economy and manage its environmental impacts.

Fiscal 2015/2016 was a very tough year for the automotive industry in Brazil, with a retraction in production and in sales. Even so, I am proud to say that TDB faced up to this challenging market with courage, together with its dealers and suppliers and supported by each one of its employees. We ended the year with sales of 175,843 units, maintaining our position among the seven largest auto manufacturers in the country. This was due to the ongoing leadership of the Corolla in the midsize sedan segment and the robust performance of the Etios in Brazil, Paraguay, Uruguay, Argentina and Peru, the latter included in our international sales from 2016.

Even in this recessive conjuncture, the company maintained its investments in developing employees and in expanding the operation, particularly worthy of note being the new logistics center in Suape, which positions us closer to Brazil's northeast region and boosts our capillarity and efficiency. As part of the second phase of the revitalization of the São Bernardo do Campo plant, the site became our corporate headquarters, a third shift was introduced in the pressing plant and a new research center was opened. Shortly a visitors' center will be inaugurated. The period also saw the inauguration of the engine plant in Porto Feliz, initiating domestic manufacture for a key production chain stage.

In parallel, we maintained our social investments, worthy of note being the Fundação Toyota do Brasil and its diverse projects – such as Blue Macaw and Toyota APA Costa dos Corais – which drive environmental education, development and sustainable tourism in high biodiversity value regions. In 2015 alone, direct social investments totaled almost R\$ 4 million, impacting the lives of thousands of people.

R\$4 MM
in direct investments by
the Fundação Toyota do
Brasil

As with the other Toyota subsidiaries worldwide, our growth vision for Toyota do Brasil (TDB) is aligned with Toyota Motor Corporation strategy. In fiscal 2015/2016, it gained an even bolder outline in the form of the Toyota 2050 Environmental Challenge, which will lead the transformation from a model of managing negative impacts to one in which the company will produce positive outcomes for society.

Major company commitments include managing waste, emissions and water consumption - questions which we have been addressing for years in Brazil by means of five-year target-driven cycles, one of which ended in fiscal 2015/2016 with the achievement of all the established goals. The main change, however, is business-related: Toyota has committed to achieving a 90% reduction in emissions from its vehicles by 2050. What this means in practice is that in the near future we will no longer be manufacturing vehicles powered by fossil fuels.

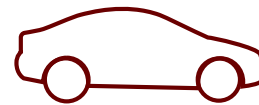
This target reinforces Toyota Motor Corporation's belief that the automotive industry is undergoing a transformation - and, to respond adequately to the challenges faced by mankind, it must pursue disruptive innovation, consolidating its vision of an eco-company. By the end of the fiscal year, we had reached the mark of 9 million hybrid technology vehicles commercialized. This is the technology used in the Prius, on sale in Brazil since 2013. We have created an aggressive plan to boost sales of lower impact cars, making them attractive and competitive, while maintaining the attributes of quality and reliability that constitute the identity of our brand.

In the coming years, we intend to repeat the pioneering spirit demonstrated with the Prius by leading the introduction of electric and hydrogen cell vehicles in Brazil in a drive towards achieving a low carbon economy. In parallel, we continue to work on increasing the fuel efficiency of the vehicles in our current portfolio - as attested by tools such as the Inmetro Brazilian Vehicle Labeling Program. We want to provide our customers with a singular and gratifying experience, from the conception of the product to the post-sale experience, so that they will pay us back with a smile in recognition of our way of doing business.

In this *Sustainability Report*, we present a summary of the company's performance in fiscal 2015/2016, as well as some indications of what we are preparing for the future. The contents are aligned with the strategic goals of both the Toyota Motor Corporation and TDB and give an account of our material sustainability topics - identified based on a wide-ranging consultation of the company's stakeholders in Brazil.

Enjoy reading it.

Koji Kondo
President, Toyota do Brasil



100%

of the portfolio will be fossil fuel-free in the future



TOYOTA DO BRASIL

In Brazil for almost six decades, company strategy is aimed at the mutual development of the business and the country

IN THIS CHAPTER

- 12 Governance, management and integrity
- 14 Strategy and future vision
- 19 Business performance

WHERE WE ARE G4-5

1. SÃO BERNARDO DO CAMPO

Corporate head office and part production
Employees: 1,491
Inauguration: 1962

2. INDAIATUBA

Corolla production
Employees: 2,015
Inauguration: 1998

3. BRASÍLIA

Representative office
Employees: 2
Inauguration: 2005

4. GUAÍBA

Distribution center
Employees: 15
Inauguration: 2005

5. VITÓRIA

Distribution center
Inauguration: 2009

6. SOROCABA

Etios production (hatchback and sedan)
Employees: 1,778
Inauguration: 2012

7. VOTORANTIM

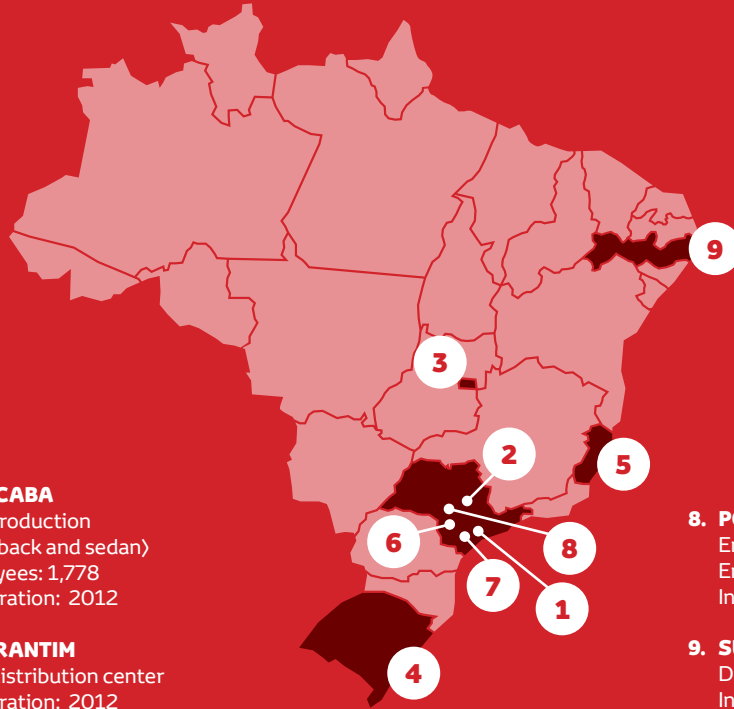
Parts distribution center
Inauguration: 2012

8. PORTO FELIZ

Engine production (Etios)
Employees: 342
Inauguration: 2016

9. SUAPE

Distribution center
Inauguration: 2015



Toyota do Brasil Ltda. has been active for 58 years. It has around 5,700 employees and occupies a key position in the Brazilian automotive sector. The first Toyota Motor Corporation (TMC) subsidiary to have a factory outside Japan, the company currently has operations in four states – Rio Grande do Sul, São Paulo, Espírito Santo and Pernambuco – as well as the Distrito Federal, in addition to a nationwide network of 218 dealers. G4-3, G4-7

With revenues of R\$ 13.24 billion in 2015, TDB is one of the top seven automobile manufacturers in Brazil in sales and maintained its robust performance in an extremely challenging year for the industry. The fiscal year saw investments that reinforce Toyota's commitment to local development, such as the new distribution center in Suape (Pernambuco), the engine plant in Porto Feliz (São Paulo) and the second phase of the SBC Reborn project, involving the revitalization and modernization of the São Bernardo do Campo factory in São Paulo – which will consume investments of R\$ 67 million by the end of 2016. G4-3, G4-9

The TDB operational structure comprises three vehicle production plants in the state of São Paulo (Indaiatuba, São Bernardo do Campo and Sorocaba), three logistics centers – Guaíba (Rio Grande do Sul), Vitória (Espírito Santo) and Suape (Pernambuco) –, a parts distribution center in Votorantim (São Paulo), a representative office in Brasília (DF) and an engine plant in Porto Feliz (São Paulo).

With a strategy centered on efficient production, the responsible use of natural resources, dedication to the customer and to social contribution, TDB works in alignment with the directives of the TMC – founded in 1937 and operating in more than 160 countries under the Toyota, Lexus, Daihatsu and Hino brands, with a work force of over 235,000 people. G4-4, G4-6, G4-8

HOW WE GENERATE VALUE G4-9

R\$ 13.2 BILLION

in revenues

175,843

units sold in 2015

10%

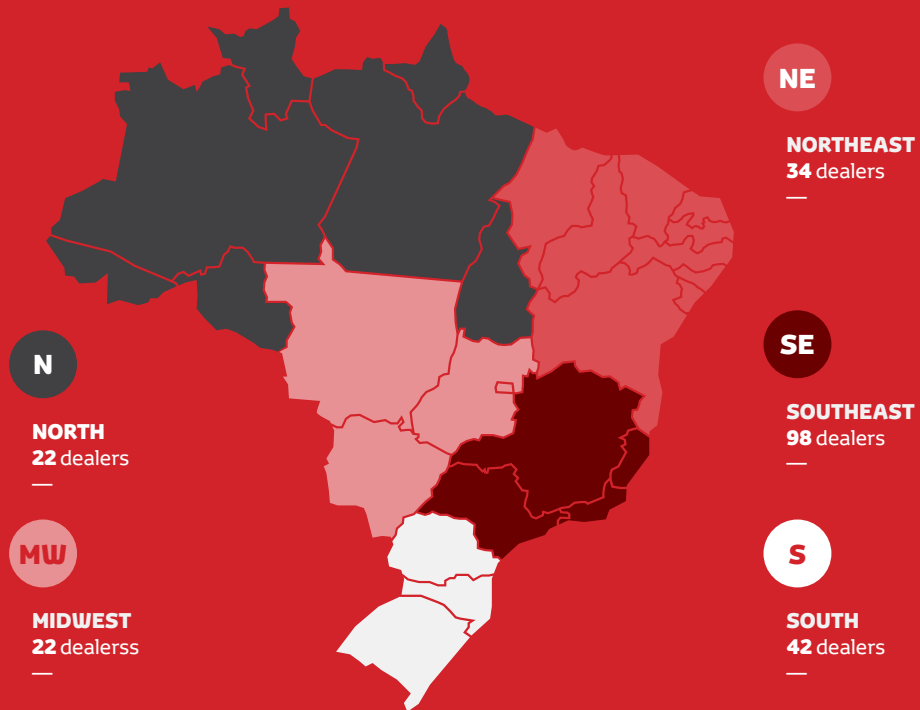
reduction in sales in the year

HOW WE OPERATE G4-9, G4-12

5,700
employees

100
materials and
inputs suppliers

218
dealers



Through its Fundação Toyota do Brasil, the company produces positive impacts on Brazilian communities and biomes, having invested almost R\$ 4 million during 2015 in projects such as APA Costa dos Corais – promoting environmental education, civic awareness and community development in one of the key biodiversity regions on the Brazilian coast. Moreover, in partnership with suppliers and dealers, Toyota mitigates production chain environmental impacts and reinforces its business philosophy centered on excellence in relations, quality and safety.

Another key initiative over recent years has been the stimulus to modernize the automotive sector by investing in technologies to drive sustainable urban mobility. Aligned with Toyota’s global 2050 Environmental Challenge, TDB will boost its portfolio of eco-efficient vehicles, reducing the business’s emissions impact.

173,991
units produced

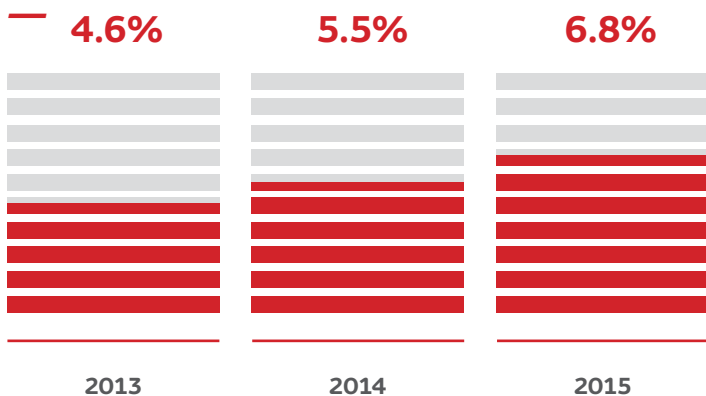
R\$ 3.9
MILLION

in Fundação Toyota do Brasil investments

R\$ 67
MILLION

invested in the SBC Reborn project in 2015 and 2016

MARKET SHARE



OUR PORTFOLIO 64-4

COROLLA

Launched in 1966, the Corolla is the best-selling midsize sedan in the world. A new exclusive option for the 2017 Corolla line was launched in April 2016, the Black Pack special edition, with personalized internal and external accessories for the GLi Upper version. The 2017 Corolla family comprises six versions: GLi 1.8L with manual transmission; GLi 1.8 L with Multi-Drive transmission; GLi Upper 1.8 L with Multi-Drive transmission; GLi Upper Black Pack 1.8 L with Multi-Drive transmission (available exclusively in Preto Eclipse black); XEi 2.0 L with Multi-Drive transmission; and Altis 2.0 L with Multi-Drive transmission.



ETIOS

Launched in 2012, the Etios is a compact model projected by TDB to reinforce business in Brazil in a new market segment. In May 2016, the 2017 Etios line made its debut at Brazilian dealers with two engine sizes, a 1.3 liter and a 1.5 liter Dual VVT-i, with a six-speed manual transmission, a digital TFT instrument panel with the 4.2 inch Toyota Smart Screen - the only one of its kind in the compact segment - a more comprehensive range of standard equipment in all the versions, improved acoustic insulation, recalibrated suspension and electric steering, with a brand new upholstery pattern. The main novelty is the adoption of a four-speed automatic transmission for the entire Etios family, both in the hatchback and the sedan versions. The 2017 Etios is also the first car in the TDB portfolio to use engines manufactured in the new Porto Feliz plant. The sedan maintains its 562 liter trunk, one of the largest in the category, and is available in the versions X, XS, KLS, Cross and Platinum – the latter having a multimedia system with navigation, rear camera, DVD player and digital TV.



ETIOS: INTERNATIONAL SUCCESS

Due to its robust performance, the compact Etios has been commercialized in Argentina since 2013 and exports to Paraguay and Uruguay were initiated at the end of 2014. In 2015 alone, TDB sold 61,000 units of the Etios in Brazil and 22,000 in the three other Latin American countries. From 2016, the model will also be exported to Peru.

HILUX

More than 65,000 units of the Hilux were commercialized in 2015. 2016 saw the introduction of the new, modern variable valve timing Dual VVT-i Flex 2.7 16V DOHC engine, developed especially for the Brazilian market, in addition to the traditional diesel model. The vehicle is available in three new versions, with the following configurations SR 4x2, SRV 4x2 and 4x4, all with six-speed automatic transmission.



PRIUS

The Prius was introduced in the Brazilian market in 2013. In its fourth generation, the most successful global hybrid vehicle is the first car to use the Toyota New Global Architecture platform, offering greater comfort and drivability, with a lower center of gravity and a reduction in drag coefficient (Cx) from 0.25 to 0.24.



SW4

As with the Hilux, the sports utility vehicle is available in a new Flex family comprising a single version with three options— the SR with five or seven seats and automatic transmission, and a five-seat version with manual transmission available only by direct sale, all with 2-wheel drive. The Dual VVT-i technology ensures improved performance compared with the previous generation of the Flex engine.



LEXUS

Toyota also has its premium Lexus division, focused on high-performance luxury vehicles. The models, commercialized in Brazilian by 10 dealers and 15 authorized service providers in the Southeast, Midwest and Northeast of the country, are manufactured in Japan.

CAMRY

The Toyota premium sedan is powered by a V6 Dual VVT-i 24V engine – delivering 277 hp at 6,200 rpm – and has xenon dipped headlights. The new model is under development in the United States and will be launched at the beginning of 2017.



RAV4

The 2016 RAV4 family, already on sale in Uruguay, has a remodeled front with new headlights, grille and bumper. The sports utility is also equipped with new lights and an enhanced interior finish. The 2 liter engine model, with 144 hp and 19.0 kgfm torque, has a seven-speed CVT transmission.



CHECK OUT

further details about the Toyota models commercialized in Brazil: [click here](#).

SUAPE: BOOSTING LOCAL BUSINESS G4-13, G4-EC8

On November 30, TDB inaugurated its new distribution center in the port of Suape, in the municipality of Cabo de Santo Agostinho in the Recife metropolitan region.

With an initial investment of R\$ 2.4 million, the 23,000 square meter center has a throughput capacity of 40,000 units a year, providing Toyota with a new logistics model for the Northeast of the country, a region which accounts for around 20% of its sales in Brazil.

The center, which generated some 40 direct and indirect jobs, will be responsible for distributing the Corolla and Etios models manufactured in São Paulo and the Hilux and SW4 produced in the Zárate plant in Argentina throughout the region. In addition to logistics gains, the unit will enable Toyota to reduce its environmental footprint.

PORTO FELIZ: IN OPERATION G4-13, G4-EC8

Another landmark in the first half of 2016 was the official inauguration of the new engine factory in Porto Feliz, São Paulo. The complex covers an area of over 827,000 square meters and generated around 320 jobs. This enabled the production of engines for the Etios in Brazil, with an annual capacity of 108,000 units. Similar to the Sorocaba plant, inaugurated in 2012, the plant employs eco-efficiency concepts that enable the rational use of natural resources and gains in efficiency and productivity (*read more in Environment and Eco-efficiency*).

GOVERNANCE, MANAGEMENT AND INTEGRITY

TDB governance incorporates alignment with global management and guarantees of compliance and transparency

In Brazil, Toyota has governance processes aligned with those of the TMC head office, driving compliance, alignment in decision making and integration between the operational and support areas throughout Latin America and the Caribbean. Since 2015, this synergy has been reinforced by a series of transformations led by Steve St. Angelo, Chief Executive Officer (CEO) of the company in the region and chairman of Toyota do Brasil.

As a privately-owned company, the TDB governance model is underpinned by two key bodies: the Board of Directors (BOD) and the Directors Meeting. Governance is guided by the company's Authorization Policy, which sets forth the spheres of authority and the attributions of the main executives. G4-34

Comprising the chairman, the president and the Finance, Corporate, Commercial and Industrial vice presidents, as well as a secretary, the Board meets monthly to define strategy for the Brazilian market. The Directors Meeting is formed by vice presidents, statutory and non-statutory directors and oversees the day to day running of the company, projects and communications.

At a lower level, there are the Functional Meetings, working groups that provide support in decision making in areas such as sales, procurement, quality, engineering and finance. Company executives are selected based on the fit between their competencies and prior experience and business needs.

In Brazil, Toyota does not have independent or non-executive members involved in corporate governance. TMC shares are traded on the Tokyo, Nagoya, Osaka, Fukuoka and Sapporo stock exchanges in Japan, and the New York and London exchanges, respectively in the USA and the United Kingdom. The company is in compliance with the specific governance criteria and guidelines for each of these markets.

The TDB governance model is aligned with the guidelines set forth in the Sarbanes-Oxley Act (SOX), an international reference in auditing and organizational compliance adopted by TMC. Best practices include annual audits and monitoring of the organization's internal control structures.

HOW DECISION MAKING WORKS

The Board of Directors is responsible for most of the decisions related to the Brazilian market. However, in certain cases decisions may be taken or must be approved by the head office in Japan.

COMPLIANCE G4-56

TDB provides its employees with guidelines and informs them of the standards expected in relations with customers, government and other stakeholders by means of its Code of Conduct. This covers areas such as human rights and diversity, anti-corruption and conflicts of interest, as well as non-ethical conduct.

The code is aligned with TMC principles, and all TDB employees and teams are expected to uphold it.

Available in a digital and print version, the Code of Conduct is disseminated via the intranet and delivered to all employees, together with the Toyota do Brasil internal regulations.

Periodic training programs and campaigns are organized to emphasize the code's key points and to ensure employee awareness of its the importance for the company.

Toyota do Brazil has a mechanism for addressing complaints, grievances and reports related to the code, as well as for monitoring, analyzing and dealing with cases considered relevant. TDB senior management oversees this process, with support from TMC when necessary.

To ensure any deviations in conduct are addressed adequately, Toyota has its:

- Ethics Channel: accessible by telephone, email or internet for reports on ethical misconduct, fraud, conflicts of interest and related issues.
- Ethics Committee: this is coordinated by the Internal Audit area in conjunction with directors and managers from the Legal, Administrative and Human Resources areas. It analyzes all cases reported to the company and communicates them to the President and the Human Resources area. Any reports related to the president or the financial director of TDB are handled by TMC.

ETHICS COMMITTEE

The body responsible for analyzing compliance-related risks and investigating reported breaches

STRATEGY AND FUTURE VISION

In the coming decades, Toyota will be positioned in the forefront of the automotive industry, offering innovative vehicles and driving community development

Since its foundation, the Toyota Motor Corporation has developed a production model renowned for employing the principles of efficiency, eliminating defects and driving systematic productivity. Over recent years, investments and strategic plans have been reinforcing these principles, incorporating the concepts of positive social and environmental impact, innovation and the development of harmonious relations with customers, society and the planet.

All activities conducted by employees – from the factory floor to senior management – are based on a business philosophy governed by two models: the Toyota Way and the Toyota Production System (TPS).

Adopted by numerous businesses and sectors, the TPS is geared to fulfilling customer needs with speed, quality and low production cost. The methodology is the embodiment of lean manufacturing and has been applied at Toyota since the installation of the organization's first plant outside of Japan in 1958, for the production of the Bandeirante jeep.

The Toyota Way was implanted worldwide by TMC in 2001, with management and business methodologies based on respect for people and on continuous improvement.

Using the concept of *kaizen* (continuous improvement), the two methodologies reinforce Toyota's commitment to production based on reducing waste, ensuring safety in operations and in the end product, and controlling risks. These guidelines, aligned with TMC's long-term social and environmental vision and growth strategy, are applied in the day to day routines of the company's subsidiaries and in its relations with suppliers, employees and dealers.

TPS

The Toyota lean manufacturing model has become a benchmark for numerous industries

TOYOTA WAY

Launched in the 2000s, the Toyota Way reinforces the company's commitment to human well being and efficiency

THE TOYOTA WAY

Developed and implanted in the company's subsidiaries at the beginning of the 2000's, the Toyota business philosophy for the new millennium is based on two pillars and five directives

Continuous improvement

Challenge - to build a long-term perspective, facing challenges with courage and creativity

Kaizen - to reinforce the idea that it is always possible to evolve, enhancing the company's operations and businesses

Genchi genbutsu - in Japanese, "go to the source and see", looking for and finding the concrete facts in order to make the right decisions, build consensus and achieve quality and value creation targets

Respect for people

Respect - to make every effort to build mutual understanding and trust at all levels in the organization

Team work - stimulating each employee's personal and professional growth, providing development opportunities and maximizing individual and team performance

50

Toyota subsidiaries in 25 countries have officially joined in the QC Circle activities (*read more in Employees*), aligned with the Toyota Way pillars of continuous improvement and respect for people.

TOYOTA PRODUCTION SYSTEM - TPS

Criteria

- Quality Assurance - ensuring that only quality units proceed to subsequent stages of the process, preventing the breakdown of the production chain
- Production Flexibility - capacity to adapt to changes in demand
- Respect for the Human Condition - focus on creativity, innovation and team work, as well as on mutual trust and respect

Integrated philosophies

- Just in Time Production- to produce and transport precisely what is needed, in the right quantity and at the right time.
- *Jidouka* - a concept proposing 100% quality in part production and not allowing a defect or failure to proceed in the process without being identified. Upon discovering an anomaly, the employee should stop production so that the problem may be fixed.

TOYOTA 2020 GLOBAL VISION

TDB is aligned with the long-term global strategy adopted by the Toyota Motor Corporation, which identifies corporate values, goals and guidelines to leverage business results, benefits for society, for customers and for the planet.

The Vision is represented as a large tree which inspires TMC and its subsidiaries to develop businesses that generate customer satisfaction, positive impacts on the community, safety and alignment with global challenges, such as urban mobility. The tree trunk is the Toyota Way, and the roots stand for the organization’s values, principles, precepts and philosophy.

The model reinforces the principles underpinning the Toyota culture, such as focus on customer satisfaction, environmental care and the *kaizen* philosophy. In summary, the strategy sets forth *what* should be done, placing emphasis on *how* it should be done, while allowing autonomy in execution for the business units worldwide.

PILLARS OF THE 2020 VISION

1. Show the way

Toyota will take the lead. We will take advantage of opportunities and invest in the future.

2. Future of mobility

We will develop new forms of transportation and seek new ways of connecting technology with people.

3. Enriching lives around the world

Through the concept of *monozukuri* (manufacture), we will create jobs, develop people and contribute to society

4. Safer and more responsible ways of transporting people

Safety is our number one priority – for our employees and our customers. Nothing is more important.

5. Commitment to quality

We will constantly raise our standards of trust, credibility and customer satisfaction.

6. Constant innovation

Our goal: “Better and better cars”. We will continue to reinvent ourselves, introduce new technologies and remain ahead of the competition.

7. Respect for the planet

We will show consideration for the planet in everything we do. We will research and promote systems and solutions that do not harm the environment.

8. Exceeding expectations

Our mindset will be to anticipate and fulfill the needs of those whom we serve.

9. Rewarded with a smile

The best expression of customer satisfaction is a smile. We will be grateful and appreciative in everything we do.

10. Challenging targets

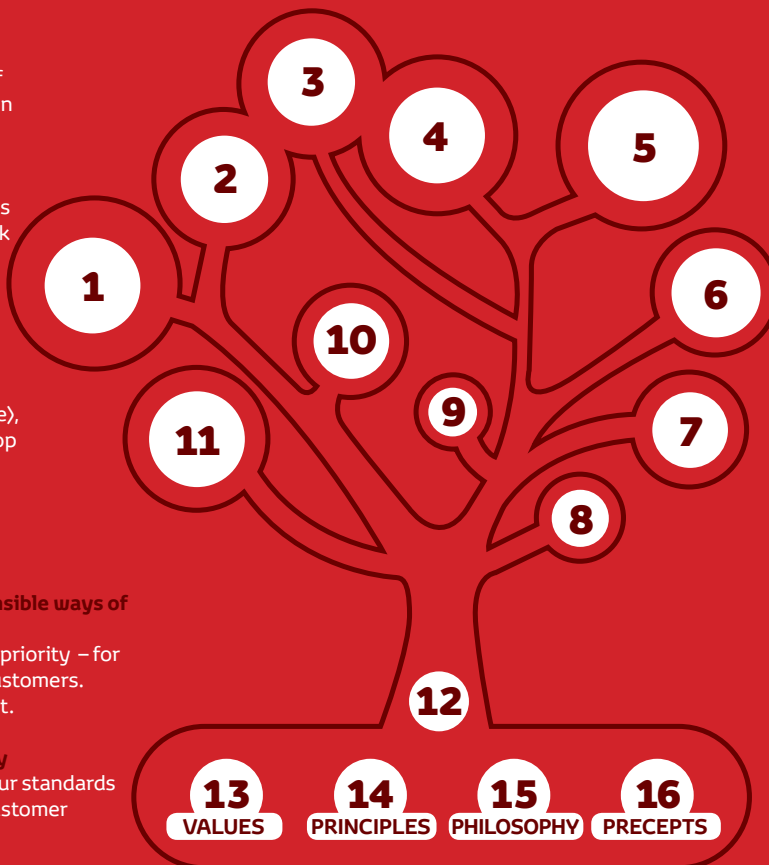
Our purposes are elevated and we work together... this is what we are.

11. Engaging people’s talent and passion

The power of our organization stems from our employees’ and business partners’ skills and differences... solving problems and creating new ideas.

12. There is always a better way

The spirit of *kaizen* – achieving higher levels and challenging ourselves to find a better way of doing everything we do... every day.



Read more about the 2020 Global Vision: [click here](#).

HOW STRATEGY IS APPLIED: HOSHINS

In response to the strategic map drafted by Toyota, the subsidiaries conduct *hoshins* – targeted annual tactical actions that enable senior management to measure business results. These strategies are designed by TMC, with the input of local knowledge from senior managers in the regions. The strategies are broken down on a global and regional level – such as the *hoshin* for Latin America and the Caribbean – and for Brazil (in this case the TDB *hoshin*). The following table shows the *hoshin* established for Brazil in fiscal 2015/2016, the results achieved and the plans for 2016/2017 – which continue to address the challenges faced by the company in Brazil.

TDB 2015/2016 HOSHIN

THE PLAN	RESULTS
IMPROVE COST COMPETITIVENESS AND STRENGTHEN CORPORATE STRUCTURE, ACHIEVING SUSTAINED GROWTH	Inauguration of the new Suape logistics center, driving enhanced relations with dealers and better service in the Northeast of Brazil, and of the Porto Feliz engine plant. Progress in the SBC Reborn project.
IMPROVE DOMESTIC SALES CAPACITY, THE EXPORT BUSINESS AND PLANNING FOR SUPPORT	Growth in vehicle export sales, focusing on the Argentinean, Paraguayan and Uruguayan markets – 22,000 Etios units commercialized in 2015 (January to December).
EXPAND CAPACITY AT THE LOWEST POSSIBLE COST AND IMPROVE PRODUCTIVITY AND PRODUCTION FLEXIBILITY	Toyota has improved its capacity and flexibility by means of the new Suape logistics center, vehicle exports to other Latin American markets and production gains in its plants, in accordance with local and regional demand.
CREATE A DEVELOPMENT PLAN FOR KEY PERSONNEL AND IMPROVE THEIR PERFORMANCE THROUGH THE PRO-WIN SYSTEM	87 employees took the new leadership development program. The Pro-WIN program was maintained.
POSE CHALLENGES AND PROMOTE CLEAR COMMUNICATION AMONG ALL EMPLOYEES TO DEVELOP A FAMILY CULTURE IN THE COMPANY	The results of the climate survey continue to fuel actions that drive the business culture and employee engagement.
DEVELOP LASTING RELATIONSHIPS WITH COMMUNITIES, UNIONS AND GOVERNMENT	TDB maintained its social investments through the Fundação Toyota do Brasil, with ongoing support for projects involving investments of R\$ 3.9 million between January and December 2015. It has also invested via tax incentive laws (R\$ 2.4 million in culture and R\$ 750,000 in sport). In union relations, worthy of note was the job protection agreement signed with the São Paulo state government during a tough period for the Brazilian automotive industry (<i>read more in Relations based on Trust</i>).
IMPLEMENTATION OF THE SBC REBORN PROJECT IN THREE STAGES: (1) CONSOLIDATION OF THE NEW CORPORATE HEAD OFFICE AND SUSTAINED GROWTH; (2) IMPLANTATION OF THE ECOFACTORY CONCEPT, TPS AND ASSEMBLY OF THE PRIUS; (3) DESIGN CENTER AND NEW ENGINEERING INFRASTRUCTURE	The new corporate headquarters have been installed in the São Bernardo do Campo plant, involving investments of R\$ 19 million in the first phase up to March 2015, and a further R\$ 48 million by the end of 2016. The unit is already operating along ecofactory lines, which entailed TPS training. However the project to assemble the Prius in Brazil was discontinued upon instructions from TMC. The design center was inaugurated in August 2016.

TDB 2016/2017 HOSHIN

- Improve cost competitiveness and strengthen corporate structure, achieving sustained growth;
- Improve domestic sales and continuous improvement (*kaizen*) in the value chain, aimed at future growth;
- Stabilize the business, minimizing impacts by means of the domestic production of parts and increased exports;
- Ensure readiness in production for future growth in demand;
- Create a development plan for key personnel and improve their performance through the Pro-Win system;
- Pose challenges and promote clear communication among all employees to develop a family culture in the company;
- Develop lasting relationships with communities, unions and government;
- Continue with the Reborn project, with special emphasis on the conclusion of the TPS center, on the ecofactory and the eco-company concept, on the implantation of the design center and on the new engineering infrastructure.

2050 ENVIRONMENTAL CHALLENGE: POSITIVE IMPACT

In fiscal 2015/2016, the Toyota Motor Corporation launched the Toyota 2050 Environmental Challenge, a set of directives whose main objective is to ensure the business generates a positive impact – instead of just reducing or neutralizing negative externalities. This involved the establishment of six challenges that address climate change, the use of natural resources and a business model based on a transition to a low carbon economy. At Toyota do Brasil, this challenge translates into a series of initiatives that are already underway – such as the adoption of new technologies and processes in company plants, environmental monitoring of the supplier chain and investment in lower impact vehicles. The company is also set on developing innovative solutions, such as the neutralization of factory emissions by purchasing electricity from renewable sources (*read more in Environment and Eco-Efficiency*).

ACCESS

further information about the Toyota 2050 Environmental Challenge [here](#).

BUSINESS PERFORMANCE

2016 results demonstrate the company's capacity to maintain profitability, even in a tough conjuncture

The Toyota Motor Corporation (TMC) showed significant results in 2015. For the fourth time, TMC had the highest vehicle sales in the world, with 10.15 million units commercialized. In spite of a 0.8% decrease in sales, due to difficulties in certain markets, the company maintained its outright leadership with the Corolla, posting record sales of 1.33 million units.

In spite of the retraction in the Brazilian economy, TDB showed a positive performance in production and sales, with revenues of R\$ 13.2 billion – placing it among the top seven car manufacturers in the country.

According to the automotive industry association Anfavea (Associação Nacional dos Fabricantes de Veículos Automotores), Brazil has one of the leading automotive markets and industries in the world, with more than 30 manufacturers of cars, agricultural machinery and heavy goods vehicles.

Anfavea figures for 2015 show that overall automobile sales in the year totaled 2.57 million, a significant 26.6% decrease compared with the 3.5 million vehicles sold in 2014. Political instability, a reduction in consumer and investor confidence and more restricted access to credit were key drivers of this situation. Brazilian automobile production in the year totaled 2.43 million units, a decrease of 22.8% compared with 2014.

Exports benefited from the appreciation of the US dollar and commercial agreements signed with countries such as Argentina, Colombia, Mexico and Uruguay during the year. The automotive industry in the country ended the year with 129,700 jobs, 10.2% down on 2014.

Faced with this tough conjuncture, TDB implanted measures to reinforce efficiency in line with the company's business drivers - such as adjusting to demand, the kaizen culture and systemic productivity. In 2015, the company commercialized 175,843 units, 10% down on the previous year. It did, however, increase its market share to 6.8%. Production for the year totaled 173,991 units.

TDB SALES PER VEHICLE (2015)

61,369

Etios

67,334

Corolla

65,798

Hilux

17,388

SW4

5,172

RAV4

54

Camry

213

Prius

40

Others
(Lexus)



ENVIRONMENT AND ECO-EFFICIENCY

Toyota invests in continuous improvement to drive efficiency throughout the chain, encompassing production, business partners and the end product.

IN THIS CHAPTER

- 23 In the operation: environmental management
- 34 In the products: technological innovation
- 37 In the value chain: suppliers and dealers

Historically, Toyota do Brasil has sought to reduce the environmental impacts from its operations based on the company's global requirements and guidelines, focused on the principles of continuous improvement (*kaizen*), waste reduction (*muda*) and reduced variation (*mura*). Furthermore, due to its maturity and understanding of the extension of its footprint, TDB has strengthened partnerships throughout the value chain and taken extreme care with the performance of its end products.

Toyota do Brasil environmental management is carried out by a corporate team and the areas responsible in each business unit - in particular the manufacturing plants, where most of the business's impacts are concentrated. The key aspects are emissions in production and in logistics, atmospheric emissions, and energy and water consumption.

All the TDB factories have Environmental Management Systems (EMS) based on the Toyota Way and are compliant with the ISO 14001 standard. The Porto Feliz plant, inaugurated in 2016, uses systems aligned with the ecofactory concept, already in place in Sorocaba and more recently implanted in São Bernardo do Campo following the SBC Reborn project (*read more* in In the Operation).

In addition to its direct operations, the company maintains certification and waste disposal indicators for its dealers and suppliers. Regarding the company's end products, the Engineering, Regulation and Quality areas are focusing on continuously improving vehicle performance.

One advance in fiscal 2015/2016, was the creation of the corporate Environmental Committee, comprising directors and managers from the Production, Procurement, Logistics, Marketing, Post-Sale, Public Relations and Corporate Environmental areas. This meets on a weekly basis to track and analyze the company's key performance indicators.

In 2015, the company reached the end of the current cycle of the Toyota Environmental Action Plan, a set of environmental management targets established by TMC for the country. In this fifth cycle, TDB achieved all its targets - ranging from zero cases of environmental legal non-compliance, complaints and accidents; ISO 14001 certification for suppliers and dealers; and reductions in emissions, water and energy consumption, as well as waste generation.

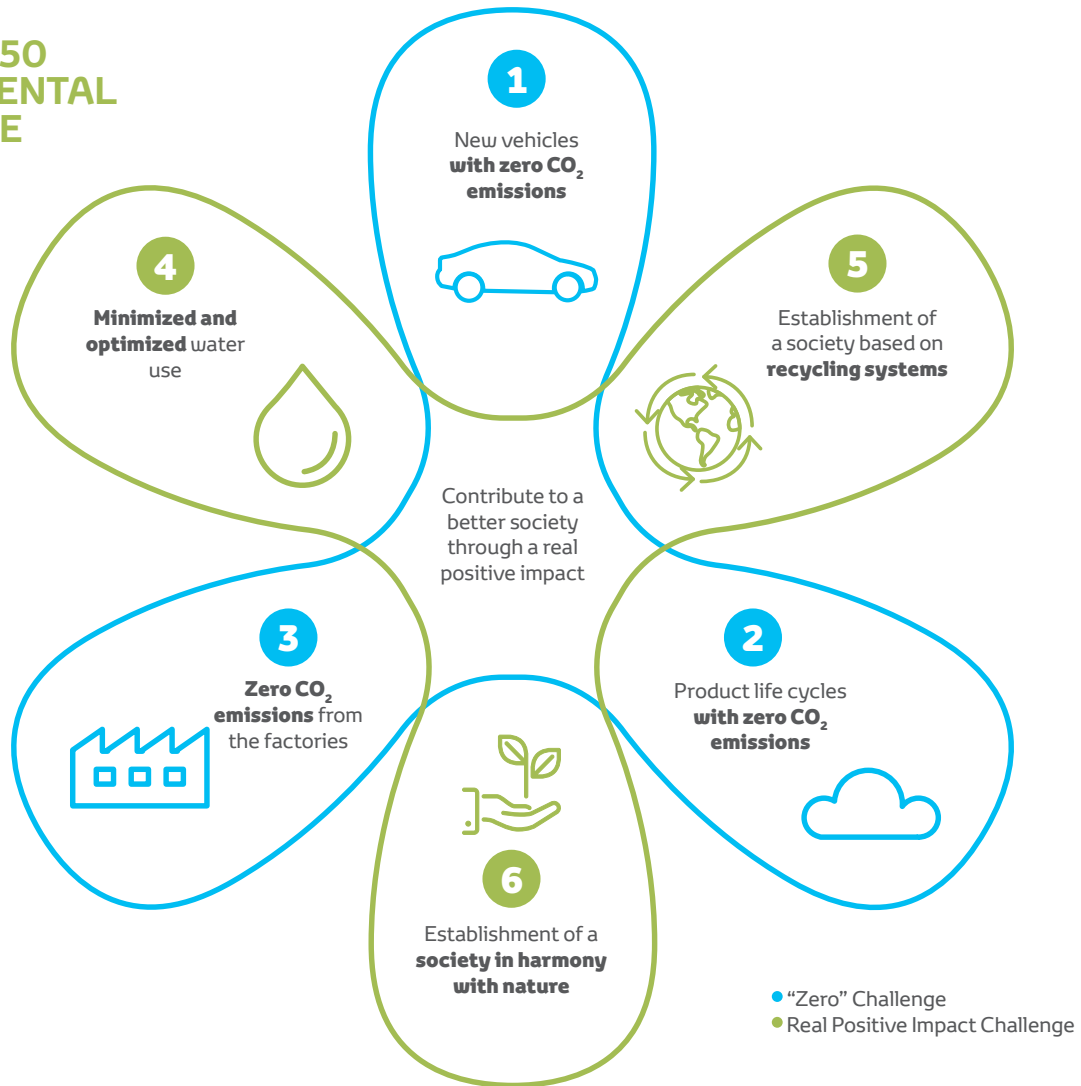
On a global level, an important landmark was the launch of the Toyota 2050 Environmental Challenge. Comprising six pillars or challenges (*see illustration*), the plan goes beyond the scope of the Toyota Environmental Action Plan, focused on impact reduction, proposing a long-term vision in which TMC will seek to promote a real and measurable positive impact, especially in the areas of water, emissions and technological innovation.



100%

of the environmental targets for the five-year period ending in 2015 were achieved

TOYOTA 2050 ENVIRONMENTAL CHALLENGE



SOME TARGETS ESTABLISHED FOR BRAZIL

based on the TMC environmental challenges

Zero CO₂ emissions from the factories by 2020

through purchase of energy (electricity) from renewable sources.

Minimization of water use in factories

through harvesting and reuse of rainwater.

Reduction of waste generation in the factories

Continuous improvement to achieve the best regional performance.

IN THE OPERATION: ENVIRONMENTAL MANAGEMENT

Our vision driving process efficiency




TDB is committed to achieving world class levels of environmental excellence in its plants in Brazil. In fiscal 2015/2016, the São Bernardo do Campo, Sorocaba and Indaiatuba units maintained their ISO 14001 standard certification, attesting to superior levels of environmental management.

Working in the automotive industry, the company produces significant impacts in areas such as energy consumption and greenhouse gas emissions – in the manufacturing operations, in logistics and in the actual use of the vehicles –, in addition to waste generation, volatile organic compound (VOC) emissions and consumption of water and packaging materials.

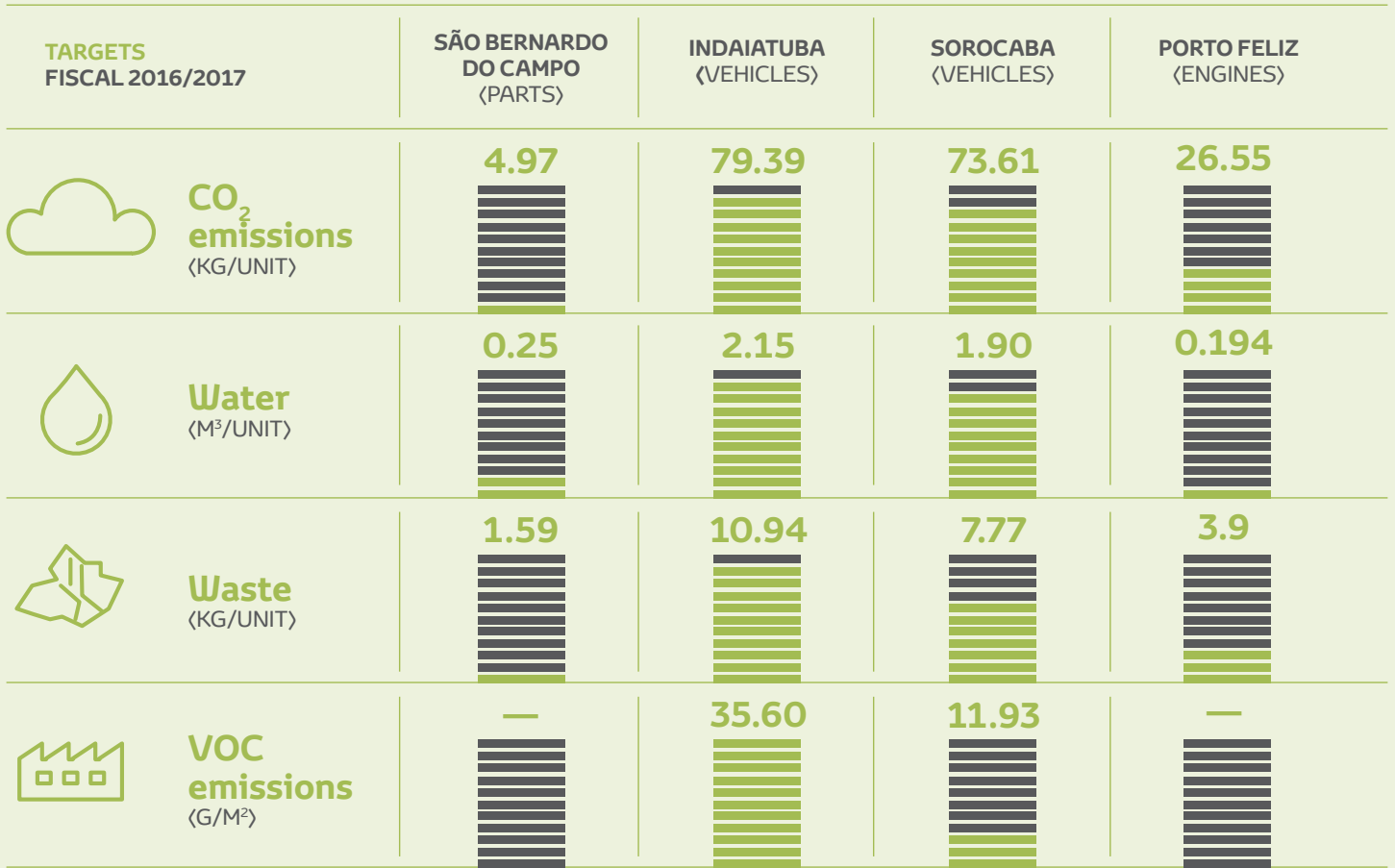
R\$ 7.8 MI

was the amount invested by TDB in environmental protection for its operations in 2015. In spite of the higher production volume it was possible to reduce waste disposal costs by controlling generation – which explains the decrease in investment.

INDICATOR PANEL

RESULTS FISCAL 2014/2015	SÃO BERNARDO DO CAMPO (PARTS)	INDAIATUBA (VEHICLES)	SOROCABA (VEHICLES)	PORTO FELIZ (ENGINES)
 CO₂ emissions (KG/UNIT)	4.05	57.02	63.20	not in operation in 2015
 Water (M ³ /UNIT)	0.148	1.60	1.34	not in operation in 2015
 Waste (KG/UNIT)	1.44	8.63	7.03	not in operation in 2015
 VOC emissions (G/M ²)	N/A	33.06	12.01	not in operation in 2015

INDICATOR PANEL



ENVIRONMENTAL PROTECTION INVESTMENTS AND SPENDING G4-EN31

	2013	2014	2015
COST OF WASTE DISPOSAL, EMISSIONS TREATMENT AND MITIGATION	4,466,929.77	4,647,719.05	4,607,272.26
PREVENTION AND ENVIRONMENTAL MANAGEMENT COSTS	1,213,458.51	5,384,810.14	3,190,515.87
TOTAL	5,680,388.28	10,032,529.19	7,797,788.13

LOW CARBON ECONOMY

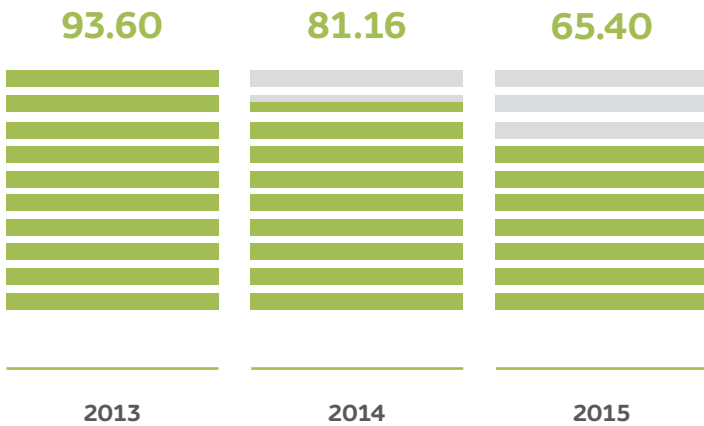
Controlling greenhouse gas emissions in production and logistics has been a priority for the company, resulting in energy efficiency and the acquisition of energy from renewable sources.

In production processes, the emissions per unit produced are a key indicator, showing reductions over recent years in spite of the increase in production due to the start up of the Sorocaba factory (inaugurated in 2012), the implementation of a third shift in São Bernardo do Campo in 2015, and the start up of operations in Porto Feliz.

In fiscal 2015/2016, TDB emitted 65.4 kg of CO₂ per vehicle produced – a significant decrease compared with the 81.16 kg of CO₂/vehicle in the previous period. Total energy consumption in the manufacturing plants was 508,108 GJ, lower than the 529,507 GJ consumed in fiscal 2014/2015, despite the increase in production.

In addition to reducing energy use, Toyota has sought to acquire renewable energy for all its plants.

EMISSIONS INTENSITY G4-EN18 (KG OF CO₂ PER VEHICLE PRODUCED)



ENVIRONMENTAL FOOTPRINT

Emissions per vehicle produced have been decreasing steadily

ENERGY CONSUMPTION G4-EN3, G4-EN4

	2013		2014		2015	
	TDB	(GJ/VEHICLE)	TDB	(GJ/VEHICLE)	TDB	(GJ/VEHICLE)
NATURAL GAS	210,587.91	1.5 GJ	219,371.95	1.3 GJ	212,038.39	1.21 GJ
LPG	12,351.30	.09 GJ	14,521.98	.09 GJ	14,264.45	.08 GJ
TOTAL SCOPE 1	222,939.20	1.60	233,893.93	1.39	226,302.83	1.29
ELECTRICITY*	276,015	1.97 GJ	295,613	1.75 GJ	281,805	1.61
TOTAL SCOPE 2	276,015	1.97 GJ	295,613	1.75 GJ	281,805	1.61

*Electricity sources: wind (14%), hydroelectric (23%) and biomass (63%).

ENERGY SAVED*

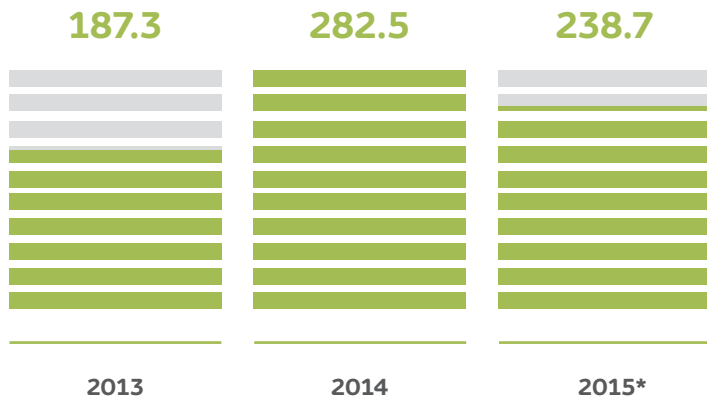
(IN GJ) G4-EN6

	2013	2014	2015
CONSERVATION AND ENERGY EFFICIENCY IMPROVEMENTS	4,708,896 GJ	11,289.89 GJ	9,125 GJ
PROCESS REDESIGN	2,024,997 GJ	8,411 GJ	355 GJ
EQUIPMENT MODERNIZATION	4,002,302 GJ	305,413 GJ	2,422 GJ
CHANGES IN EMPLOYEE BEHAVIOR	4,110.1 GJ	117,656 GJ	2,960 GJ
TOTAL	14,846,295 GJ	11,721,369 GJ	14,862,056 GJ

* Types of energy economized: natural gas, LPG and electricity

TOTAL GHG EMISSION REDUCTIONS

(IN METRIC TONS OF CO₂) G4-EN19



* Gas saved = CO₂ (scopes 1 and 2)

KAIZENS EMISSIONS

G4-EN27, G4-EN19

Indaiatuba
project to reduce consumption of natural gas burned in an oven in the production process (P/TC), avoiding emissions of

145.45
TCO²/YEAR

Sorocaba
decrease in energy consumption in the assembly process with rationalization measures, with savings of

6.12
TCO₂/YEAR

São Bernardo do Campo
reducing the frequency of refilling the forklift trucks enabled savings of

7,438.32
KG CO₂/YEAR

LOGISTICS EMISSIONS: NEW MODEL, NEW OPERATION

G4-EN19, G4-EN27

The company has sought to prioritize improvements in distribution processes with specific controls for each logistics stage, encompassing the distribution of finished products (such as the importation flow for the Hilux and the SW4) and the logistics for production components and spare parts. Currently, the main focus is on reducing distribution emissions, which accounted for 75% of the company's impact in 2015 (see charts).

During the year, most worthy of note in this area was the inauguration of the new Suape distribution center in the municipality of Cabo de Santo Agostinho (Pernambuco). Aimed at reducing the logistics environmental impact while reinforcing TDB's presence in the region, the project involved an investment of R\$ 2.4 million and is expected to generate cost reductions of up to R\$ 51 million a year, by centralizing the transportation of vehicles imported from Argentina and units produced in the plants in São Paulo in Suape.

With the new center, imported vehicles are transported from Argentina to the port of Suape by ship, resulting in a 1,600 metric ton annual reduction in the CO₂ emissions that would be generated by road transportation. The improved distribution of vehicles manufactured in Sorocaba and Indaiatuba also contributes to this indicator.

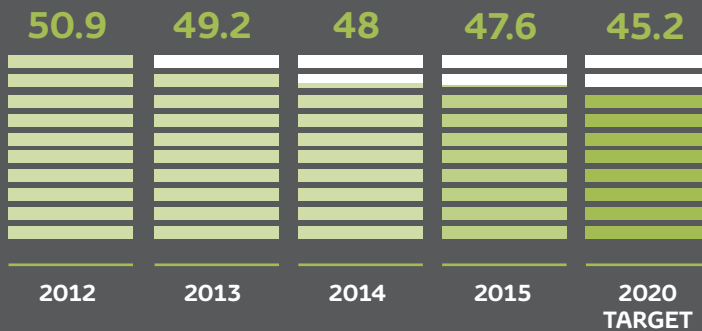


24%

fewer emissions due to the Suape distribution center, equivalent to

LOGISTICS EMISSIONS

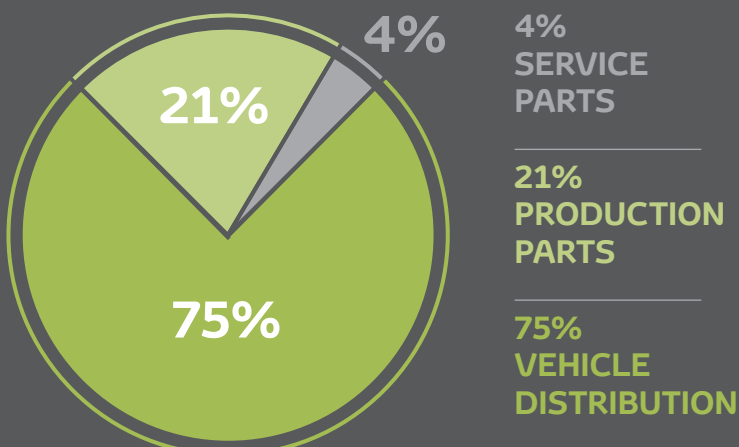
(FISCAL 2015/2016) - IN 000'S OF METRIC TONS/YEAR



1,600 METRIC TONS OF CO₂/YEAR

this is the same as the amount of carbon sequestered by

EMISSIONS PER STAGE OF THE LOGISTICS PROCESS



142,000 TREES

equivalent to a forest the size of 2,000 soccer fields

ORIENTATION TO RECYCLING

The pursuit of a circular model is Toyota's major environmental challenge regarding water, solid waste and effluents. Diverse indicators are monitored, ranging from the consumption of resources in production to the use of materials in packaging and replacement parts – worthy of note being the recycling of practically 100% of the solid waste generated by the factories and the gradual ongoing reduction in the volume of water consumed per unit produced.

A total of 9.41 kg of waste per unit produced was generated during the year, with the biggest impact caused by Indaiatuba, where the Corolla is manufactured. There was a reduction in total waste generated, both in terms of gross non-hazardous waste in metric tons and the amount of waste per unit produced.

The amount of water consumed was 1.67 cubic meters per unit produced. During the year, diverse *kaizens* led to water savings of 25,000 m³, resulting in a total water consumption of 291,871 m³, below 2013 levels (see chart).

In relation to effluent generation, TDB is compliant with the requirements of Decree 8.468/76, which determines that effluents from any source of pollution may only be discharged in public sewage systems after appropriate treatment. During the year, the total discharge after physical-chemical treatment at the plants was 183,505.7 m³.

KAIZENS G4-EN10, G4-EN27

SOROCABA

SÃO BERNARDO DO CAMPO

INDAIATUBA



TDB implemented the reuse of rainwater in the bathrooms in the production area; the plant also initiated the use of condensate from the compressors in the cooling towers of the bodywork area and the boiler.

250 m³
of water reused per year in the unit

change in the frequency of cleaning two water rinse tanks, with

projected savings of
2,904 m³/year

water consumption in the cooling towers was reduced by increasing the set point

savings of
230 m³/year

measures to reduce water consumption in the painting process

reduction of
1,037 m³/year



biological treatment for the restaurant grease tanks, preventing the generation of 60,000 kg of waste a year

60,000 kg/year
of waste generated

project to reduce weight in the disposal of bag filters

Annual saving of
33 kg

installation of a paint sludge pre-filter to separate residue from water in the production process

17,035.36 kg
reduction in waste per year

NON-HAZARDOUS WASTE (IN METRIC TONS) G4-EN23

	2013	2014	2015
COMPOSTING	405.6 t	391.8 t	409 t
RECYCLING*	25,735 t	28,279.5 t	24,505.1 t
LANDFILL	204.9 t	218 t	232.2 t
TREATMENT OF SEPTIC TANKS, GREASE TANK, WASHING OF INDUSTRIAL TOWELS	88.3 t	501.2 t	450.9 t
TOTAL	26,613.9 t	29,348.4 t	25,562.2 t

* Recycling; scrap and wood.

** Waste disposed of directly by TDB or by third-parties.

HAZARDOUS WASTE (IN METRIC TONS) G4-EN23

	2013	2014	2015
RECOVERY*	157.7 t	223.6 t	311.1 t
CO-PROCESSING	1,213.3 t	1,185.3 t	1,118.8 t
INCINERATION OF HEALTH SERVICE WASTE	2 t	2 t	2 t
RECYCLING OF PAINTS, SOLVENTS, LUBRICANTS ETC.	236.5 t	212.6 t	207.3 t
TOTAL	1,578.7 t	1,600.7 t	1,613.8 t

* Recovery: light bulbs and drums.

** Waste disposed of directly by TDB or by third-parties.

TOTAL WATER WITHDRAWN BY SOURCE G4-EN8

	2013	2014	2015*
GROUND WATER	164,907 m ³	162,776 m ³	175,051 m ³
PUBLIC/PRIVATE UTILITY COMPANY	169,718 m ³	187,276 m ³	116,820 m ³
TOTAL	334,625 m³	350,052 m³	291,871 m³

* A number of measures contributed to the reductions, such as the installation of water meters (points for improvement were identified by controlling consumption), optimization of consumption of water used for rinsing and change in frequency of cleaning of tanks (Sorocaba); reduction in consumption in cooling towers, use of dry urinals; repairs to leakages (São Bernardo do Campo); and measures to promote reuse, automation, reduction in consumption of potable water in bathrooms and improvements in production processes (Indaiatuba). Further details in the highlighted kaizens.

EFFLUENT DISCHARGE BY UNIT * G4-EN22

	2013	2014	2015
PROCESS GENERATED WASTEWATER (IDT)	82,777 m ³	87,743 m ³	94,126, m ³
PROCESS GENERATED WASTEWATER (SBC)	8,652.4 m ³	7,535 m ³	6,358.7 m ³
PROCESS GENERATED WASTEWATER (SOR)	110,844 m ³	116,774 m ³	83,021 m ³
TOTAL	202,273.4 m³	212,052 m³	183,505.7 m³

*Discharge of waste water to public sewage network after treatment and not reused by other organization.

IN HARMONY WITH NATURE

Another focus of attention for TDB is mitigating impacts associated with climate change. In production processes, two aspects are considered to be priorities: controlling volatile organic compound (VOC) emissions and ensuring suppliers are aware of which substances are prohibited in the composition of components and replacement parts. The company also addresses questions related to biodiversity and technological modernization applied to production processes in the Brazilian plants.

In its painting processes, Toyota has been investing in technologies to minimize VOC emissions, compounds that can pollute the atmosphere. In the Sorocaba plant, for example, thinner-based paint was substituted with a water-based variety.



23.86 G/M²

OF VEHICLE PAINTED AREA consolidated VOC emissions for the Sorocaba and Indaiatuba plants in fiscal 2015/2016

CLIMATE CHANGE: PURSUIT OF OPPORTUNITIES G4-EC2, G4-EN6

Climate change may directly or indirectly impact Toyota strategy and the future of its business, not to mention the industry as a whole. For this reason, climate change is an integral part of the company's strategic planning to the point that the adoption of hybrid technology is seen as a highly significant opportunity to boost the company's activities and strengthen its reputation.

In terms of risk, problems such as drought and water stress linked with climate change have the potential to affect business continuity. In 2015, a key issue was the increase in the cost of electricity (R\$/MWh), which impacted the production cost of Toyota vehicles.

As a result, a series of continuous improvement measures were implanted focused on reducing energy consumption. The company's total consumption was reduced by 4% compared with fiscal 2014. Taking into account the fact that production during the period was 5% higher, in fiscal 2015 energy consumption per vehicle produced decreased 9% compared with 2014.

KAIZEN G4-EN27

VOLATILE ORGANIC COMPOUNDS

Indaiatuba

a project to adjust thinner consumption in purging the painting area robots reduced VOC emissions by

1.2 G/M²

OF VEHICLE PAINTED AREA

HABITAT RECLAMATION AND CONSERVATION PROJECTS IN 2015 G4-EN13

AREA/PROJECT	SIZE (HECTARES)	LOCATION	STATUS	APPROVAL BY EXTERNAL SPECIALISTS	PROJECT PARTNERS
GREEN AREA	79.03 ha	Toyota Sorocaba (condition of operating license)	Finalized	The green area project was approved by the environmental authority (Cetesb/SP). The final reforestation report was submitted at the end of 2014. There has been no external assessment as of yet.	Biométrica Edson Banach ME
FAUNA STEWARDSHIP AND CONSERVATION	10 ha	Toyota Sorocaba (condition of operating license)	Finalized	The Fauna Stewardship and Conservation project was approved by the environmental authority (Cetesb/SP) and reports on monitoring of fauna, limnology and ichthyofauna are submitted annually. The monitoring ended in December 2015.	Biométrica
MONITORING OF VEGETATION	79.03 ha	Toyota Sorocaba (condition of operating license)	In progress	The vegetation monitoring project started in 2015/2016 will last three years. Vegetation growth is assessed each 6 months. Monitoring for 2016/2017 is already underway. Monitoring reports are submitted to Cetesb annually.	Edson Banach ME
MORIZUKURI PROJECT - TOYOTA SOROCABA GREEN BELT	5.57 ha 167,482 seedlings planted	A voluntary Toyota environmental preservation project. Reforestation and fauna rescue	In progress: A further 33,500 seedlings need to be planted to conclude the project. Deadline not established	The project has been approved by TMC	UFSCar Edson Banach ME
CONCLUSION OF FORESTRY RECLAMATION IN PARQUE DA BIODIVERSIDADE	62.5 ha	Toyota Sorocaba Environmental compensation project (condition of operating license) (Address: Avenida Itavuvu, 11.500 - Sorocaba - SP)	Finalized	The project was finalized and the bimonthly reports were approved by the Sorocaba Environmental Department.	Biométrica Edson Banach ME

ENVIRONMENTAL MANAGEMENT: FOR MORE EFFICIENT FACTORIES

G4-EN27

In the beginning of the 2010s, the Toyota Motor Corporation developed a model ecofactory to serve as a guide for all its new facilities worldwide. Furthermore, the model's guidelines were adopted for the modernization of existing plants, driving more rational use of natural resources, more advanced production technologies, specific measures to enhance relations with surrounding communities, as well as greater environmental care.

In fiscal 2015/2016, discussions were initiated for the implantation of the eco-company concept in Brazil. This encompassed not only direct operations, but also the entire Toyota product and service life cycle and the company's relations with the value chain. The goal is to ensure that the combination of operational efficiency and excellence throughout the chain will enable the company to achieve the targets set forth in the Toyota 2050 Environmental Challenge.

SOROCABA: THE FIRST ECOFACTORY IN THE COUNTRY

In Brazil, the first unit to adopt this model was the Sorocaba plant, employing technologies such as water-based paint; the installation of high-performance green areas, with the implantation of a green belt around the factory based on the concept of *morizukuri* (which translates as "to make forests"); and the use of lower impact building technologies, as well as energy and water solutions.



**+ THAN
134,000**
seedlings planted



14%
reduction in water
consumption
(2012-2015)

SÃO BERNARDO: NEW LOOK

The same efficiency principles were adopted for the SBC Reborn project – entailing a series of investments in the São Bernardo do Campo plant, the oldest in operation in the country, responsible for parts production and, since 2015, Toyota’s official headquarters in Brazil.

With an investment of R\$ 19 million in the first phase and a further R\$ 48 million scheduled by the end of 2016, the project prepared the industrial complex manned by 1,400 employees to receive a third production shift, the company’s administrative and corporate headquarters, a memory center and the first Toyota research center in Latin America (*read more in In the products: technological innovation*).

The revitalization project included the planting of 281 native tree seedlings, which provide local fauna with shelter and help sequester carbon. The project utilized more efficient building methods, such as Low-E windows, which provide greater thermal insulation, improved use of natural lighting, the reuse of building materials, thermal insulation paint on the roofs and the use of 100% renewable energy. Other important measures being adopted include the use of 100% recycled water (target for 2018) and the reuse of rainwater..



100%

renewable energy sources

5%

reduction in energy consumption compared with fiscal 2012

PORTO FELIZ: CONSTRUCTION DRIVING RATIONALIZATION

Aligned with the ecofactory concept, the new Porto Feliz engine plant was inaugurated in 2016 incorporating a series of social and environmental requirements. These include the use of inorganic instead of traditional sand – which generates residues that cause greater environmental harm; the elimination of rotating ovens, which use more energy; a compact production system, with three process stages in a single building; the use of solar energy to light external areas; and the planting of 35,000 tree seedlings around the plant.

The plant was designed to be a benchmark in energy and water consumption for other Toyota engine plants. The forging process utilizes innovative technologies and processes that minimize waste and effluent generation.



35,000

seedlings planted

IN THE PRODUCTS: TECHNOLOGICAL INNOVATION

Measures driving a lower impact automobile industry

Within the scope of the Toyota 2050 Environmental Challenge, the TMC head office assumed two commitments that directly impact its vehicle portfolio. The first entails a an absolute 90% reduction in vehicle CO2 emissions against base year 2010. Moreover, the company is committed to introducing a model based on recycling – involving the production of vehicles prepared for post-use disposal and the reutilization of parts.

Recognizing the dimension of this challenge in terms of the Brazilian reality, TDB is aligned with the global guidelines and is contributing to building knowledge in the industry by means of investments in state-of-the-art technology to improve the environmental performance of its vehicles and to engage the value chain in questions such as reverse logistics and the adoption of hybrid technology.

REVERSE LOGISTICS: VEHICLES AND PARTS

TDB has been working with the automotive industry to study ways of aligning industry practices with Brazil's law n° 12.977, approved in 2014, which governs the post-use dismantling and disposal of motor vehicles. The forums through which the company works include the AEA, the Brazilian automotive engineering association, and the automotive industry association Anfavea.

Additionally, the company is aligned with TMC guidelines that facilitate the disposal process. The Corolla, the outright best seller in the midsize sedan segment, is designed to be recycled, permitting the dismantling of the vehicle and the reuse of parts and components at the end of the vehicle's working life. Its differentials include interior trim manufactured from resin and the central console made from Toyota Super Olefin Polymer (TSOP), a 100% recyclable material developed by the company.

Since 2008, the company has run a reverse logistics program with dealers for tires and batteries. All the replacement batteries sold by dealers are recycled and have a differentiated price based on a part exchange system. During the year, 35 Prius hybrid system high voltage batteries were sent to a specialized company in Belgium which has the technology to recycle this type of equipment. In 2015, more than 550 metric tons of batteries were recycled. In the same period, around 105,000 tires were collected and forwarded to authorized agents for ecologically appropriate disposal.

RECYCLING

The challenge is to adapt Toyota vehicles for ecologically correct disposal and reverse logistics processes

ELIMINATING SUBSTANCES OF CONCERN G4-14

TDB is engaged in a voluntary effort to eliminate Substances of Concern (SoC) from its production processes and from the composition of vehicles, packaging and spare parts. In accordance with TMC guidelines the current list of four SoCs is being expanded to 11 compounds – which will be eliminated from both the company's and suppliers' processes.

RESEARCH & DEVELOPMENT: NEW CENTER IN SÃO BERNARDO

In August 2016, TDB inaugurated the brand's first applied research center in Latin America, and the fourth in the world outside Japan. Located in the São Bernardo do Campo complex, the new space is part of a network of centers in the United States, Europe and Thailand dedicated to undertaking technology studies and fomenting innovation adapted to local needs and requirements.

As part of the investment in the SBC Reborn project, R\$ 46 million was earmarked for the center, which will enable the company's Brazilian subsidiary to undertake modifications to cars manufactured locally, create special editions and assess the possibility of using new materials, in addition to evaluating the technical capacity of parts suppliers.

The first project undertaken by the center is a new version of the Etios (Platinum), with modifications to the front and rear of the vehicle. The model was launched in August.

In addition to esthetic modifications, the research center is prepared for activities such as emissions tests, analyses of raw materials and studies for new accessories. The idea of reinforcing R&D in the country is aligned with Brazil's Inovar-Auto program to foster technological development and develop the automotive production chain in the country.

VEHICLE PERFORMANCE G4-EN27

As part of its long-term business vision, Toyota is striving to increase the fuel efficiency of its vehicles. Historically, the company has stayed ahead of regulatory changes in the market, in line with TMC guidelines. For example, the Hilux pickup was equipped with the iArt system in 2012, enabling it to use all the types of diesel fuel available in Brazil while the market was still adapting to the use of less pollutant varieties.

To measure the environmental performance of its vehicles, the company adopts two voluntary assessment programs: the Nota Verde (Green Score) program, run by the Brazilian environmental authority Ibama, and the Inmetro Brazilian Vehicle Labeling Program (PBEV).

In the PBEV program, vehicles are rated from A to E based on efficiency in fuel consumption. The initiative also incorporates the Conpet Energy Efficiency seal for vehicles. In 2015, TDB maintained its A rating in the overall

classification, both in the absolute and the category comparisons for the Prius and the Etios sedan. The Corolla also maintained its A rating in the category comparison. All the TDB vehicles received ratings.

In the Nota Verde program, run jointly by PBEV and Ibama, the vehicles obtained excellent results in the different emissions measured, such as carbon monoxide (CO), non-methane hydrocarbons (NMHC) and nitrogen oxide (NOx).

Another key action front for the company is hybrid technologies. TDB is an important participant in discussions between the industry and the government aimed at promoting this and other low climate impact technologies – in line with the Toyota mobility vision (*read more* in Mobility in the future).

100%

of the Toyota and Lexus product lines in Brazil participate voluntarily in the vehicle labeling program

PBEV –TDB PERFORMANCE IN 2015/2016

MODEL	OVERALL CLASSIFICATION	CLASSIFICATION IN CATEGORY	GREEN SCORE (1 TO 3 STARS)	CONPET SEAL
ETIOS HATCHBACK 1.3 (X, XS, XLS, CROSS AND PLATINUM) – MANUAL	A	A	☆☆☆	Yes
ETIOS HATCHBACK 1.5 (X, XS, XLS, CROSS AND PLATINUM) – AUTOMATIC	B	A	☆☆☆	Yes
PRIUS	A	A	☆☆☆	Yes
ETIOS SEDAN 1.5 (X, XS, XLS AND PLATINUM)	A	A	☆☆☆	Yes
COROLLA 1.8 AND 2.0 (GLI, ALTIS, XEI)	B	A	☆☆☆	Yes
CAMRY 3.5 (XLE)	D	D	☆☆☆	No
RAV 4 2.0 AND 2.5 (4X2 AND 4X4)	C	A	☆☆☆	No
SW4 (SR, SR 5S AND SR 7S)	E	E		No
HILUX SW4 DIESEL 4X4 (SRV AND SRX)	D	A		No
HILUX SW4 GASOLINE 4X4 (SRX)	E	D		No
HILUX (CD SERV 4X2 AND 4X4, CD SR 4X2)	E	C		No
HILUX 4X4 (SRX, SRV AND SR)	D	B		No
HILUX 4X4 (STD, SC AND CC)	D	A		No

IN THE VALUE CHAIN: SUPPLIERS AND DEALERS

Toyota engages its business partners in its commitments

TDB has sought to integrate and engage its value chain partners in the company's sustainability commitments. Toyota encourages the dealership network and suppliers of materials, products and services essential for the business to adopt risk management, the *kaizen* culture, as well as to control waste and use resources responsibly.

As a result of the five cycles of the Toyota Environmental Action Plan – five-year plans with environmental targets – and the Toyota 2050 Environmental Challenge, the company is fully engaged in forging closer relations with its business partners and persuading them to adopt environmental management systems. It monitors key indicators and seeks to develop these partners, key links between TDB and the ends of the value chain: the steel industry and end consumers.

DEALERS

At the end of fiscal 2015/2016, the TDB dealership network comprised 218 units, spread over 26 states and the Distrito Federal (this number does not include the Lexus division). To develop relations built on trust, the company participates in the Toyota Dealers' Association (Abradit), providing management initiatives and training programs (*read more* in Customers), as well as communication tools, with an internet portal, a TV network, a chat system, and a video training channel (Radar Toyota).

Worthy of note during the year were the activities of the Abradit Environmental Committee, comprising Toyota staff and association members. This organizes semi-annual meetings to promote and assess activities, as well as management certification and audits. Another working group is dedicated to corporate social responsibility activities, with the participation of teams from different TDB areas – such as the Fundação Toyota do Brasil, Marketing and Commercial.

Three measures have been implanted to reinforce risk management and the adoption of best practices throughout the dealership network. The first is the Dealer Environmental Risk Audit Program (Derap), in place in Brazil since 2006, which engaged 100% of the dealers in fiscal 2015/2016. During the year, the Abradit system incorporated administration of Derap forms, providing greater control over information and key indicators.

DERAP CRITERIA

- To have a person responsible for environmental matters at each dealership;
- To have an environmental policy, a declaration of compliance with the legislation in force and a commitment to the implementation of environmental improvements;
- To manage hazardous waste properly;
- To use oil and water separators;
- To use vehicle air conditioning gas recycling equipment to prevent emissions harmful to the ozone layer.

Another pillar is ISO 14001 certification for dealers. At the end of the fiscal year, 100 dealers had this certification. This is equivalent to 65% of the network, with one dealer receiving certification during the last year. The main challenge in increasing this percentage is the elevated cost of adapting to the standard – particularly difficult given the tough economic conjuncture in Brazil since 2014.

In third place, TDB monitors the indicators of its ISO 14001 certified dealers – such as waste generation, CO2 emissions, water and energy consumption.

ECO DEALER

To recognize and to commend the best practices and kaizens adopted by the dealer network, in 2015 TDB organized the Eco Dealer contest, which received 14 entries from around the country. Three partners reached the finals, presenting their initiatives aimed at the rational use of water at the 2016 Toyota Dealer Convention in April. In the next fiscal year, the contest will focus on reducing electricity consumption.

PROJECTS IN THE 2015/2016 FINALS

**Caltabiano
Pacaembu (SP)**
Dry vehicle washing project

**Carhouse Novo
Hamburgo (RS)**
Reuse of water used for washing vehicles

**Nova
Quality (SP)**
Steam washing

SUPPLIER CHAIN G4-12, G4-EC8

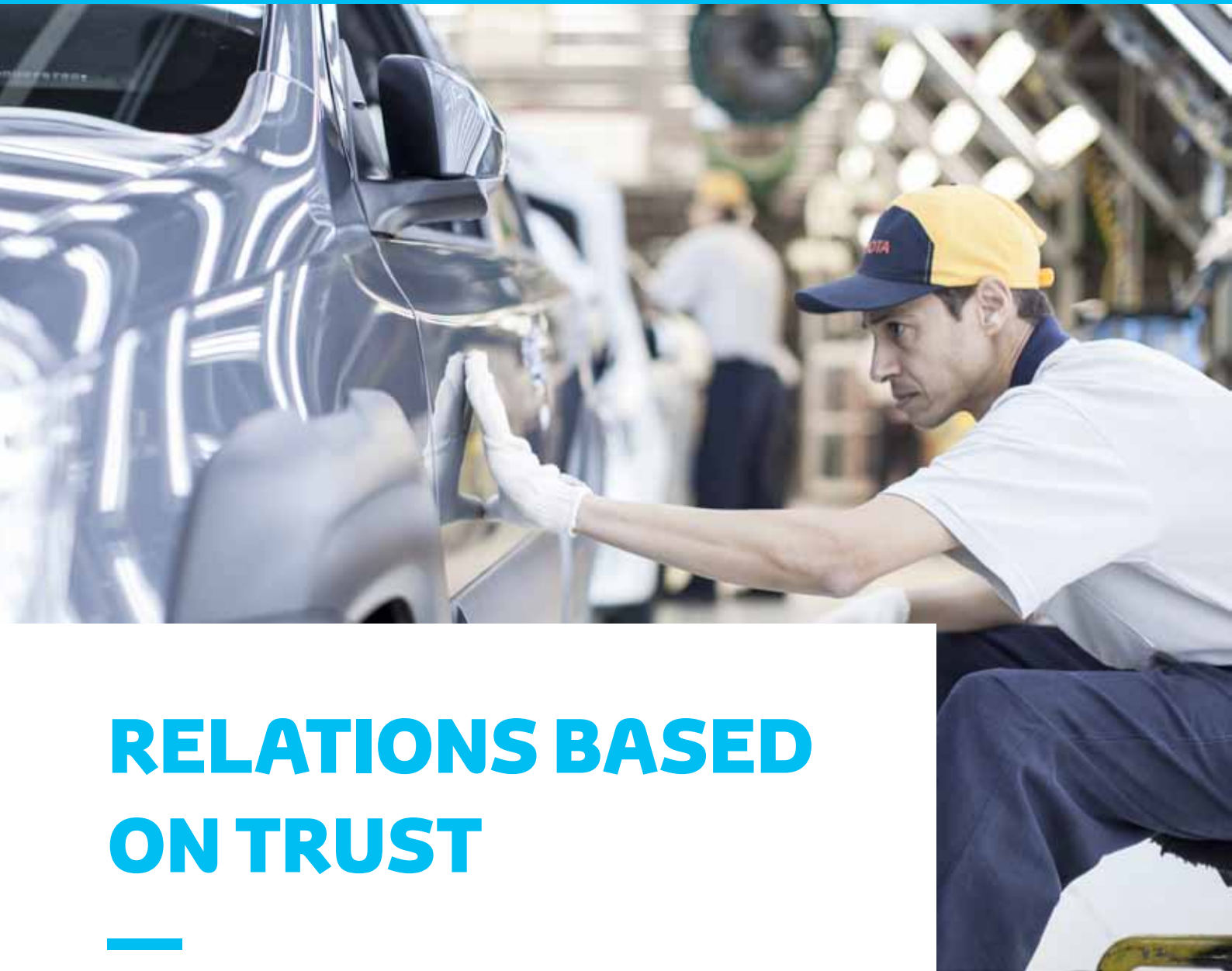
In Brazil, Toyota has a supplier chain comprising around 100 significant partners, divided into the categories materials and components. Faced with the challenge of engaging different-sized companies from different industries and regions in meeting its requirements and assuming its commitments, in fiscal 2015/2016 TDB mobilized 72 suppliers in environmental, safety, productivity and quality actions.

Relations with suppliers are governed by the three key company documents: the Procurement policy, based on the principles of fair competition and an open door policy, mutual benefit based on trust and contribution to the vitality of the local economy; the Environmental Purchasing Guide, revised in 2013, which sets forth the standards for partners in negotiations with TDB; and the Corporate Responsibility Guide.

Supplier selection and assessment take into account criteria such as quality, logistics processes, service capacity, the cost of inputs and services and alignment with the Environmental Purchasing Guide. One indicator of the effectiveness of these practices is supplier adoption of ISO 14001 certification. At the end of the fiscal year, 96% of the company's partners were certified. The target had been to reach 100% certification in 2015. This was not reached due to cost issues and to the economic situation in certain regions.

45

companies were recognized in the categories Quality, Logistics and Cost in the 14th Annual Toyota Suppliers Convention in 2015.



RELATIONS BASED ON TRUST

Through its industrial and administrative units and its products, Toyota is part of the lives of innumerable customers, suppliers, communities, members of civil society and public authorities in Brazil.

IN THIS CHAPTER

- 42 Customers
- 47 Employees
- 53 Public authorities and the community

Aware that the nature of the impacts provoked on a local level must be integrated into management and the communication of results, the company seeks to engage and forge closer relations with its key stakeholder groups.

TDB conducted its first materiality process based on the G4 version of the Global Reporting Initiative (GRI) guidelines in fiscal 2014/2015. Analysis of critical issues for the industry, the policies and orientations of TMC and internal and external company stakeholder perceptions of impacts enabled Toyota to identify the most significant topics for the business, aligned with the company's long-term vision and the role society expects of it.

Interviews with leaders, academics, NGOs and suppliers, an online consultation with dealers, suppliers and employees constituted the methodology, reaching 355 people. This enabled TDB to map eight material topics which include investment in urban mobility, eco-efficient management, product quality and safety and customer relations. These were the topics that determined the content of this sustainability report. **G4-18, G4-19, G4-24, G4-25, G4-26**





For the future, the company expects to develop an integrated agenda for the material topics under the auspices of the TDB Environmental Committee, with a view to engaging the leaders and teams of different areas in managing issues which represent a challenge for the company and/or for the automotive industry as a whole.

MATERIALITY

TDB conducted the process to align management priorities with stakeholder perceptions of the business's main impacts





MATERIAL TOPICS G4-19

KEY

-  ACTION FOCUS G4-27
-  IMPACT INSIDE COMPANY* G4-20
-  IMPACT OUTSIDE COMPANY* G4-21
-  RELATED GRI ASPECT



CLIMATE CHANGE AND STRATEGIES IN A LOW-CARBON SOCIETY

-  Ensure control of pollutant and greenhouse gas emissions
-  Employees
-  Customers
Suppliers
Dealers
Governments
-  EC-Economic performance
EN-Emissions







INNOVATION, LEADING EDGE TECHNOLOGY AND ECO-EFFICIENT VEHICLES

-  Produce vehicles with low emission factors and lead in new technologies for the automotive industry
-  —
-  Dealers
Suppliers
Customers
Governments
Academia
-  EN-General
EN-Products and services







OPERATIONAL ECO-EFFICIENCY

-  Ensure the most efficient use of natural resources in the vehicle production cycle, focused on energy, water and effluents
-  Employees
-  Suppliers
Dealers
Governments
-  EN-Materials
EN-Energy
EN-Water
EN-Effluents and waste
EN-Compliance



LABOR PRACTICES

-  Invest in retaining and developing talent, benefits and employee satisfaction
-  Employees
-  Unions
Suppliers
Dealers
Governments
-  LA-Employment
LA-Occupational health and safety
LA-Training and education
SO-Compliance



CUSTOMER SATISFACTION

-  Ensure the best experience for TDB customers
-  Employees
-  Customers
-  PR-Product and service labeling







VEHICLE SAFETY AND QUALITY

-  Use safety technologies and boost quality assurance in product components
-  —
-  Customers
Suppliers
Academia
-  PR-Customer health and safety
PR-Compliance







POST-SALE STRATEGIES

-  Beyond the actual sale, offer excellence in service, maintenance and recalls
-  Employees
-  Customers
-  PR-Product and service labeling



MACROECONOMIC INFLUENCES ON CUSTOMERS' PURCHASING POWER

-  Manage the impact the company may have in areas such as access to credit, interest rates and unemployment
-  Employees
-  Customers
Suppliers
Dealers
Governments
-  EC-Economic performance
EC-Indirect economic impacts
SO- Local communities



ADDITIONAL TOPICS

- In addition to the topics considered to be material for Toyota do Brasil, other relevant questions were mapped and explored in this report:
- Governance and transparency
 - Government relations
 - Guarantee of human rights and preservation of the environment in the supply chain and in logistics
 - Use of recyclable and renewable materials and waste management
 - Community-oriented social and environmental projects (Fundação Toyota)
 - Job and income generation
 - Product life cycle management

CUSTOMERS

Transparency, agility and trust: what we focus on in relations with Toyota vehicle owners

Since TMC initiated its operations, trust in product quality and customer satisfaction throughout the sale and post-sale cycle have been key competitive differentials for the company.

Managing relations with customers is a complex process that involves different stages of the company's activities – starting with the dealer network, which is where the company effectively makes contact with the consumer, through the diverse contact center teams, including those responsible for analyzing contacts and all types of suggestions, doubts and complaints.

TDB maintains a robust reputation among its customers through the combination of a series of training programs that encompass the company and the dealer network, new systems and communication channels. During the year, two recognitions were worthy of note: for the second year running, the company came first in the Post-Sale Satisfaction Index and, for the third year running, first in the Sale Stage in a survey conducted by the consultancy J.D. Power.

Fiscal 2015/2016 was challenging in terms of reducing complaints, a project that has been underway for at least two years in order to mitigate the natural impacts of the growth in the volume of contacts received by the company as a result of its expansion.

In July, 2015, the company undertook its largest ever recall (airbags), involving more than 640,000 vehicles in the Brazilian market. There were eight recalls during the fiscal year, six involving the Toyota brand and two for the Lexus division. The major impact was caused by an issue with airbags in the Corolla and Hilux models. This generated considerable dissatisfaction among customers due to the shortage of parts needed for the replacement.

Under the impact of the recall, the level of complaints reached 117 for each ten thousand units in operation (August 2016 data). Without this issue, TDB would have had 1,031 fewer complaints (7.6%).

TDB addressed incidents having the potential to involve consumer defense organizations on a case by case basis. Daily meetings are held with the correlated areas of the company under the coordination of the Customer Relations area. This area deals directly with customers, engaging its engineering staff in contacts ranging from answering telephone calls to face-to-face service (*genchi genbutsu*) when necessary, generally in alleged cases of fire, non-activation of airbags or involuntary acceleration.

As a result of this work, of the 1,350 cases filed in the last 12 months only 3.4% (46) escalated to the media and/or to consumer advocacy bodies.

30 CASES

submitted to *genchi genbutsu* – when the Toyota technical team goes out to investigate more complex cases where they occur - in 2016.

SERVICE STRUCTURE

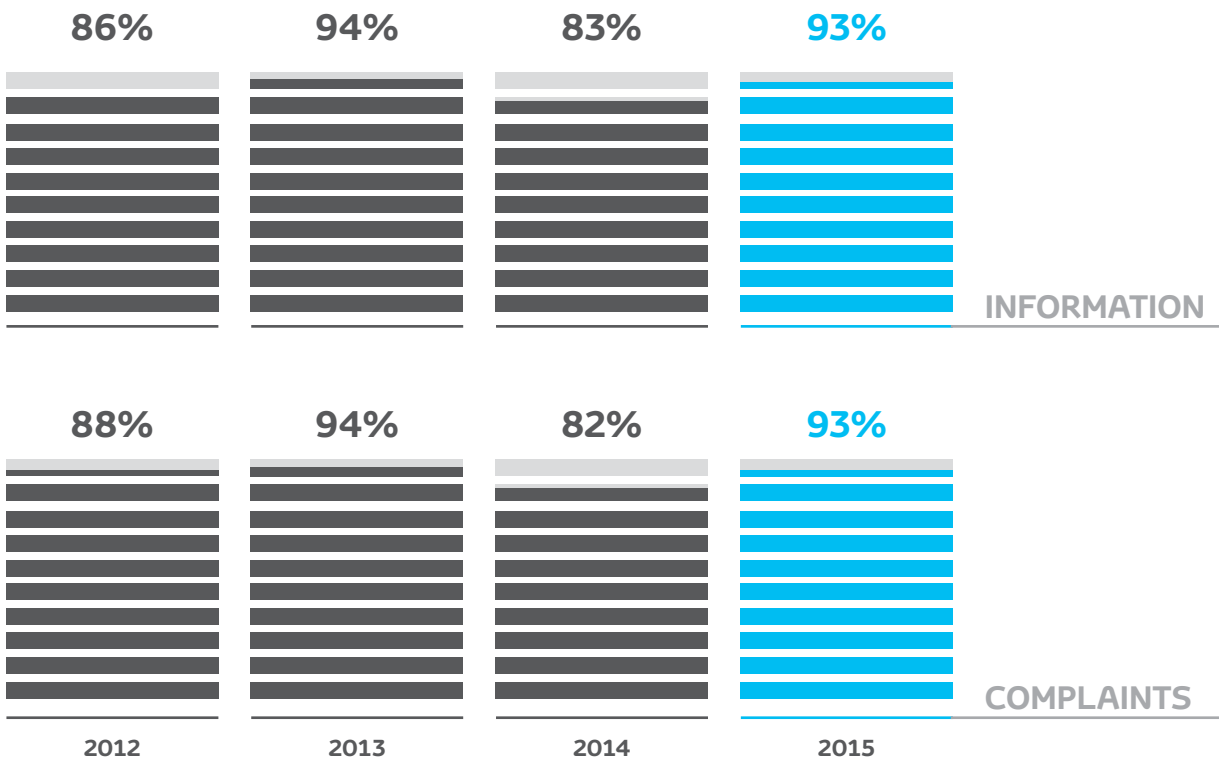
TDB provides its customers with a multichannel Call Center (SAC in the Portuguese acronym) manned by 25 third-party attendants and a 13-member team of engineers dedicated to handling complaints, as well as a group of planning and management analysts.

The center may be accessed by toll-free telephone (0800-703-0206), email (clientes@sac.toyota.com.br), chat, Facebook, Google+ and Instagram. In 2015, the service indicators were impacted significantly by the recall, as well as by the growth in the company’s customer base in recent years (see table). The main reasons for contacts are related to parts logistics, warranties, safety, queries about vehicle performance and the location of dealers.

During the year, once again Toyota managed to improve service indicators in comparison with the previous year, exceeding its target of responding to 90% of the customer contacts within 20 seconds (see charts).

CUSTOMER CARE BY CATEGORY	2012	2013	2014	2015
SALES	116,621	176,084	195,344	178,541
VISITS TO DEALER NETWORK	786,200	865,237	964,714	1,140,931
CONTACTS	47,605	50,391	59,394	74,528
REQUESTS FOR INFORMATION	36,285	38,573	46,076	60,371
COMPLAINTS	11,320	11,818	13,318	14,157

RESPONSE IN UP TO 20 SECONDS



TOYOTA ONLINE

TDB is active in the main social networks, including Facebook (since August 2012), YouTube (since October 2013), LinkedIn (since March 2015), Google Plus (since April 2015) and Instagram (since May 2015).

In recent years, there has been a significant improvement on the website Reclame Aqui – through which the company receives and addresses customer complaints. Progress in 2015/2016 was significant, with the company achieving a reputation rating of “Excellent” in February 2016; TDB ended the fiscal year in first place in its segment.

FOCUS ON QUALITY G4-PR5

TDB applies different methodologies to measure the degree of customer satisfaction with their experience of company services and products. In fiscal 2015/2016, the company introduced a new survey format which analyzes satisfaction with the service and solution provided for the problem presented.

By the end of 2015, there had been 18,015 contacts. The rate of satisfaction with the service was 78%, compared with 16% for indifferent and 7% dissatisfied clients.

The satisfaction rate for the solution provided for the problem was 74%, exceeding the target of 70%.

Other important indicators for the Toyota Customer Relationship area are:

- The Toyota contact center came in first place among all the auto manufacturers in Brazil, according to an assessment of telephone and email service channel contacts conducted by the company GFK;
- Between March and May 2016, TDB came in first place among the car manufacturers in an assessment by the website Reclame Aqui. The company is one of the three finalists in the Época Reclame Aqui Award.

INSIDE THE DEALERSHIP: A NEW SERVICE MODEL

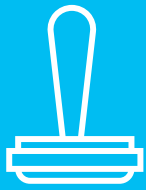
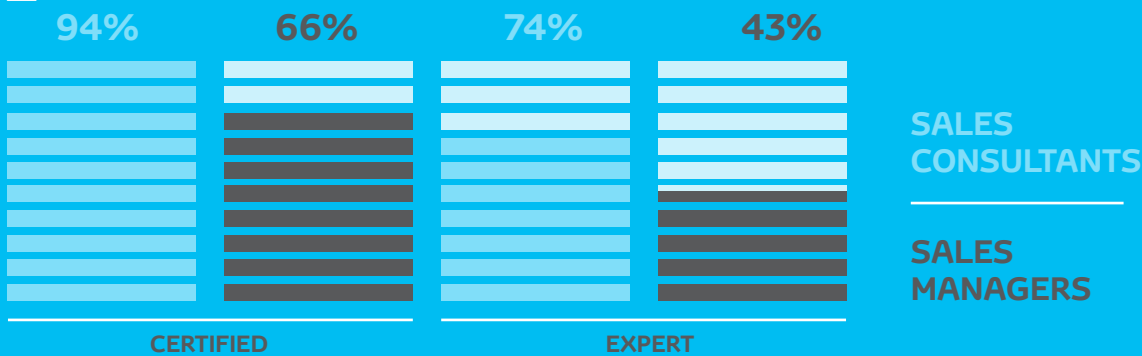
In 2014, TDB initiated studies of models to internalize the customer relationship structure at key dealers in Brazil. The idea is to customize service and engage the dealer network in handling and managing contacts. The pilot project was postponed in one of the groups due to the need to cut costs. Nonetheless, in fiscal 2015/2016 the project was initialized with a group of dealers in São Paulo's ABC region and the Santos coastal region.

TRAINING PROGRAMS FOR THE DEALER NETWORK

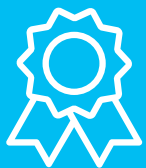
Being the main link between Toyota and its end customers, the company provides the dealer network with diverse types of training programs and platforms

Sales Training Program – focused on retaining talent and improving commercial relations in the network, with modules for sales consultants and managers at the Certified and Expert levels. The results were positive for 2015/2016 (see table).

RESULT



Toyota Sales Way (TSW) – certification process in sales for dealers. It consists of the Toyota Sales Process, the Toyota Sales System, the Customer Satisfaction Index and the Audit/Certification process. At the end of the fiscal year, five new dealers were certified and 3 are currently engaged in implantation; additionally, 100% of the network was recertified.



Skill Contest – this is a competition organized by the Post-Sale area aimed at recognizing dealership employees for service quality and precision in diagnosis and repair. In 2015, two employees received the award and participated in the presentation ceremony promoted by TMC in Japan.



General training courses – in 2015 a new general classroom training program was initiated. In this module – Excellence in Customer Service, a total of 195 people were trained in ten groups – corresponding to 55% of the Customer Care representatives and advisors nominated for the course. In the distance training program, 235 people – corresponding to 66% of the Customer Care representatives and advisors nominated for the course – studied contents focused on the seven steps for managing complaints, on the Consumer Defense Code and on the basic principles of risk management.

TARGETS FOR FISCAL 2015/2016

- Implant complaint reduction methodology in four units of a group of dealers.
- Reduce the number of complaints from 116 to 95 per 10,000 units in operation.
- Come in 1st place in the satisfaction survey conducted among car manufacturers participating in the Reclame Aqui website.
- Get 48 employees from other TDB areas to listen to customer contacts in real time in the Call Centre

TOYOTA CYCLE: A NEW SALES MODEL

In 2016, TDB, the dealer network and the Toyota bank launched a new sales model. Known as the Toyota Cycle, it offers special finance conditions for the purchase of a new Toyota vehicle, with the initial focus on the Etios and Corolla lines.

Payment is split into three stages, including special conditions for the down payment (at least 30% of the total price of the model); financing of a part of the amount in between 12 and 36 monthly installments, with payments up to 40% lower than regular market values; and liquidation of the residual payment of up to 50% of the total cost of the vehicle. However, Toyota assumes responsibility for buying back the vehicle through a dealer for at least 85% of the market value according to the Fipe price list. Thus, the amount received from the repurchase liquidates the residual payment, with money left over for a down payment on a new vehicle – thus enabling the cycle to be restarted. For further information and to make purchase simulations, access www.toyota.com.br.

PRIORITIES

TDB seeks to strengthen dialogue with dealers, engaging them in understanding customers' demands

EMPLOYEES

Personnel management at TDB prioritizes employee satisfaction, organizational climate, career development and leadership.

Toyota upholds as management principles respect for people and maintenance of a safe and healthy work environment. This enables the company to retain talent and to offer employees and leaders development opportunities. At the end of 2014/2015, the company had more than 5,700 employees in its offices, logistics centers and plants located in the South, Southeast, Northeast and Midwest of Brazil.

The increase in the work force is due to the new distribution center in Suape (Pernambuco) and the engine plant in Porto Feliz (São Paulo). Together, these two operations generated 340 direct jobs and 1,200 indirect ones. The expansion of production in Sorocaba (São Paulo) scheduled for 2015 was postponed in function of the macroeconomic conjuncture.

At TDB, all employees are admitted in accordance with Brazil's CLT labor laws, and the absolute majority of the employees are local residents. The company's human capital strategy is addressed in Human Resources Planning and Development, and is integral to the 2020 Global Vision, the Toyota Way and the Toyota Production System (*read more* in Strategy and future vision).

For TDB, employee satisfaction, internal climate, career management and leadership development are critical for business growth. Since 2015, the area's main indicators have been incorporated into the Human Resources Obeya system, a tool that streamlines and systematizes management data.

To identify points for improvement and to verify the results of investments, TDB carries out periodic climate surveys. The last one was conducted in 2014 and covered 70% of the work force (3,679 people). The positive highlights included pride in belonging to the company; among the points for improvement were personnel development and communication.

TDB HUMAN CAPITAL G4-10, G4-LA1

NUMBER OF EMPLOYEES BY FUNCTIONAL LEVEL	2013	2014		2015	
		MEN	WOMEN	MEN	WOMEN
BOARD	7	9	0	10	0
DIRECTORS	12	11	0	14	0
MANAGEMENT	219	227	15	68	3
HEADS/COORDINATORS	132	108	21	108	12
TECHNICAL/SUPERVISORY	218	230	1	377	26
ADMINISTRATIVE	1,269	697	349	741	414
OPERATIONAL	3,215	3,401	13	3,617	14
THIRD-PARTIES	101	114	10	3,617	14
APPRENTICES	182	126	60	147	85
INTERNS	30	11	15	17	15
TOTAL BY GENDER	5,385	4,934	484	5,082	554
TOTAL	5,385		5,418		5,636

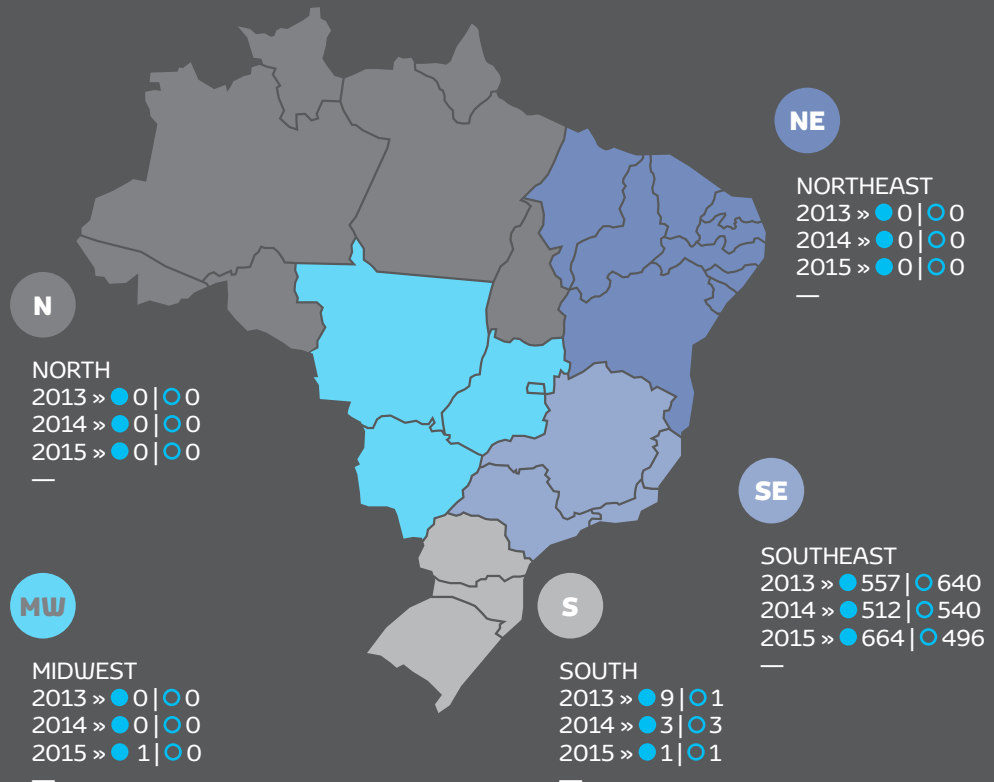
NUMBER OF EMPLOYEES BY TYPE OF CONTRACT	2013	2014		2015		TERMINATIONS BY GENDER	2013	2014	2015
		MEN	WOMEN	MEN	WOMEN				
FIXED TERM	42	77	8	209	9	MEN	543	435	378
PERMANENT	5,343	4,857	476	4,925	493				
TOTAL BY GENDER	5,385	4,934	484	5,134	502				
TOTAL	5,385		5,418		5,636	WOMEN	98	108	119

NUMBER OF EMPLOYEES BY TYPE OF EMPLOYMENT	2013	2014		2015		ADMISSIONS BY GENDER	2013	2014	2015
		MEN	WOMEN	MEN	WOMEN				
FULL-TIME	5,355	4,923	469	5,032	410	MEN	467	425	582
PART-TIME	30	11	15	92	102				
TOTAL BY GENDER	5,385	4,934	484	5,124	512				
TOTAL	5,385		5,418		5,636	WOMEN	99	90	84

TERMINATIONS BY AGE GROUP	2013	2014	2015	ADMISSIONS BY AGE GROUP	2013	2014	2015
UNDER 30 YEARS	405	386	332	UNDER 30 YEARS	459	421	543
BETWEEN 31 AND 50 YEARS	209	147	134	BETWEEN 31 AND 50 YEARS	99	91	119
OVER 50 YEARS	27	10	31	OVER 50 YEARS	8	3	4

ADMISSIONS BY REGION ●

TERMINATIONS BY REGION ○



CORPORATE EDUCATION

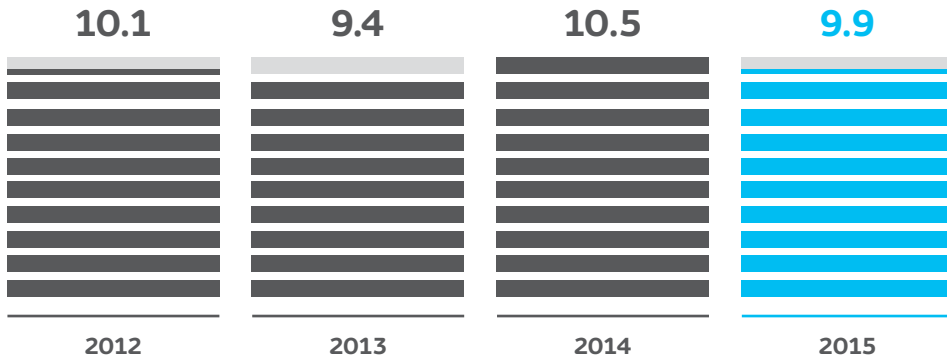
With a historically strong and integrated business culture, in Brazil Toyota provides distinct training programs for employees in the operational units, offices and logistics centers. However, specific safety processes and programs are applied across the board, involving the entire work force.

Toyota provides functional training programs for its direct employees. It also has leadership development courses and programs aimed at instilling the Toyota Way culture in the work force in order to consolidate the organization's values.

- Toyota Business Practices (TBP) – the methodology is aimed at ensuring the efficient and practical solution of work place problems by means of a combination of theoretical classes and practical applications. During the year, 55 employees took the program.
- Suggestions program – one of the oldest measures used to foment the kaizen culture, the program was introduced in the 1990s and encourages employees to seek process solutions.
- QC Circle – aligned with the Toyota Way, the program develops sector leaders in training sessions focused on continuous improvement, based on Plan-Do-Check-Act or PDCA methodology. During the fiscal year, 4,496 employees took part in the circles.
- Interchange Program – this promotes employee interchanges/secondment between TDB, the TMC head office and other subsidiaries.
- Toyota Way for Management – this is a global program aimed at disseminating company values and principles to employees. Classroom training was provided for managers, heads and supervisors.

4,496
employees engaged
in the QC Circle in
2015/2016

NUMBER OF HOURS TRAINING PER EMPLOYEE G4-LA9



PERFORMANCE, CAREER AND LEADERSHIP G4-LA10

Delivering results and performance appraisal are integral components of the culture disseminated in TDB. The company seeks to fill leadership roles by promoting existing employees whose abilities have been noted and who have taken the New Leaders Development Program.

In fiscal 2015/2016, 87 employees underwent this program, consisting of a theoretical component and a period of on the job development.

Another key program is Pro-WIN. This is linked with the Toyota Global Vision and seeks to develop participants' technical competency as well as a holistic vision of the processes in the areas in which they work. There is also a program aimed at organizing transfers for 10% of the company's administrative staff with the objective of generating a more dynamic internal climate.

Implanted in 2014/2015, the Section Head/Supervisor Development Program was also maintained during the year, providing training for 23 new leaders.

87

people trained in the New Leaders Development program

EMPLOYEES SUBMITTED TO PERFORMANCE APPRAISAL G4-LA11

FUNCTIONAL CATEGORY AND GENDER *	2013			2014			2015		
	TOTAL EMPLOYEES (G4-10)	TOTAL EMPLOYEES SUBMITTED TO PERFORMANCE APPRAISAL	%	TOTAL EMPLOYEES (G4-10)	TOTAL EMPLOYEES SUBMITTED TO PERFORMANCE APPRAISAL	%	TOTAL EMPLOYEES (G4-10)	TOTAL EMPLOYEES SUBMITTED TO PERFORMANCE APPRAISAL	%
MANAGEMENT	81	54	67%	103	60	58%	113	50	44%
MEN	81	54	67%	103	60	58%	111	50	45%
WOMEN	0	0	0%	0	0	0%	2	0	0%
HEADS/COORDINATION	93	84	90%	103	98	95%	115	84	73%
MEN	87	79	91%	91	87	96%	102	77	75%
WOMEN	6	5	83%	12	11	92%	13	7	54%
TECHNICAL/SUPERVISION	350	325	93%	348	333	96%	375	339	90%
MEN	329	305	93%	327	316	97%	354	323	91%
WOMEN	21	20	95%	21	17	81%	21	16	76%
ADMINISTRATIVE	1097	1004	92%	1067	959	90%	1108	955	86%
MEN	741	689	93%	715	650	91%	740	655	89%
WOMEN	356	315	88%	352	309	88%	368	300	82%
TOTAL	5,181	1,468	28%	5,191	1,450	28%	5,641	1,428	25%
MEN	4745	1128	24%	4762	1113	23%	5196	1105	21%
WOMEN	436	340	78%	429	337	79%	445	323	73%

* There were no specific appraisals for board members and directors, or for operational staff, trainees, apprentices and interns.

HEALTH AND SAFETY

The Occupational Safety and Health Management System (OSHMS), based on the international OHSAS 18001 standard, is the main tool used by TDB to safeguard the physical integrity and guarantee adequate working conditions for employees.

Based on seven stages, ranging from activities and work post surveys to risk mapping and the execution of mitigation measures, the system goes beyond changes in process to encompass safe behavior and the promotion of a health and safety culture in which responsibility is shared by leaders, supervisors and workers.

The company also organizes mandatory occupational safety training, routine factory meetings, the activities of the accident prevention committees (Cipa in the Portuguese acronym), fire drills, safety weeks and campaigns, as well as plant patrols and inspections. To enhance occupational safety, TDB has a workplace exercise program and has implanted initiatives aimed at monitoring and improving ergonomics. During fiscal 2015/2016, special attention was paid to the safety engineering and labor medicine areas, with the contracting of a series of professionals, including doctors, physiotherapists and specialists in ergonomics. There is a group responsible for ergonomics engaged in implanting preventive measures and improvements in the work place.

The company's agreements with the unions representing employees encompass areas such as health and safety, the implantation of grievance and complaint mechanisms, the use of personal protective equipment and safety committees comprising workers and leaders. TDB also ensures compliance with International Labor Organization (ILO) standards. **G4-LA8**

EMPLOYEE BENEFITS

G4-LA2

Toyota offers all its employees a benefits package that includes life insurance, health plan, subsidized drugstore purchases, dental plan, fuel vouchers, pension plan and maternity and paternity leave. In the Sorocaba unit, meal vouchers are provided for the levels covered by the collective bargaining agreement. Those not covered by the agreement receive fuel vouchers.

PUBLIC AUTHORITIES AND THE COMMUNITY

Social investment and active participation in public discussions reinforce Toyota's commitment to the country

One means of consolidating one of the thrusts of the 2050 Environmental Challenge, promoting a positive impact, is to ensure that the company maintains open dialogue with public authorities, industry associations and auto industry regulatory agencies. Maintaining close relations with neighboring communities is equally important and involves the ongoing promotion of social and environmental projects on a local and national scale.

Through its Government Affairs area, TDB strives to ensure alignment between company strategy and the solution of important challenges for the country – such as control of vehicle emissions in urban areas, economic development, environmental licensing and vehicle regulations.

In fiscal 2015/2016, the company maintained the same public agenda as in previous years, addressing and discussing issues such as urban mobility, tax incentives for hybrid vehicles and boosting the volume of vehicle parts and components made in Brazil - in line with the Inovar-Auto program – with the different spheres of government and with other industry players.

Another critical issue is the deceleration of the economy and its enormous impact on the automotive industry. The retraction in vehicle production and sales in 2015 resulted in the sector having one of the highest layoff rates (*read more* in Business performance) in the country. Committed to its human capital, in 2015 TDB issued a declaration to protect jobs and drive sustained growth at its São Bernardo do Campo unit in São Paulo's ABC region. Signed jointly with the ABC Metalworkers' Union and the São Paulo government, the agreement provides the employees with job security based on a long-term perspective and confidence in the recovery of the country's economy. **G4-EC8**

Relations with public authorities are conducted in two ways: with direct action on the part of the company in the case of the implantation of local social and environmental projects and the negotiation of incentives for new industrial units, or through industry associations for broader questions affecting the sector as a whole. In the latter case, the most significant representative bodies are the auto industry association Anfavea (Associação Nacional dos Fabricantes de Veículos Automotores), the Brazilian Automotive Engineering Association (AEA) – which TDB presides – and the Brazilian Electric Vehicle Association (ABVE or Associação Brasileira do Veículo Elétrico). **G4-16**

DRIVING LOW IMPACT FUELS: DEVELOPING BRAZIL'S FUELS, VEHICLE TECHNOLOGIES AND EMISSIONS PROGRAM (PCVE) G4-15

A major event in the industry in 2016 was the signature of a technical cooperation agreement between the Automotive Engineering Association (AEA); the Ministry of Mines and Energy's Department of Petroleum, Natural Gas and Renewable Fuels; the National Petroleum, Natural Gas and Bio-fuels Agency and the Environmental Agency Ibama to formalize the Auto Oil program - now denominated the Brazilian Fuels, Vehicle Technologies and Emissions Program or PCVE (Programa Brasileiro de Combustíveis, Tecnologias Veiculares e Emissões).

The objective of the initiative is to coordinate discussions about the effects of the fuels and the vehicle technologies in use in Brazil on atmospheric emissions, with a view to mitigating impacts on air quality, systematizing data and building scientific knowledge in this area.

The program, which involves companies, regulatory agencies and institutions such as the University of São Paulo (USP) and the Federal University of Paraná (UFPR), had already been engaged in tests on vehicles and engines using different energy sources, with Toyota participating via the AEA.

Up to fiscal 2015/2016, the Instituto Lactec had undertaken 1,174 tests on 50 vehicles, 23 motorcycles and 9 engines – corresponding to 89% of the tests provided for under the former Auto Oil program. During the year, a further 300 tests were conducted, in addition to the measurement of air quality in tunnels in the city of São Paulo. TDB is involved in coordinating the PCVE executive and technical committee, responsible for implanting working groups, strategies and development plans.

FUNDAÇÃO TOYOTA DO BRASIL G4-SO1, G4-EC8

Founded to drive Toyota's positive social impact measures in Brazil, the foundation focuses on defending the environment and specific biomes in the country, as well as on promoting education, environmental responsibility and civic awareness.

In 2015, the foundation invested R\$ 3,978,000 in projects with a local and national scope. The activities undertaken during the year were funded using resources from the previous year.

APA Costa dos Corais

Initiated in 2011, this is currently the main national project undertaken with Fundação Toyota do Brasil direct funding. Organized in partnership with the Instituto Chico Mendes de Conservação da Biodiversidade (ICMBio) and the Fundação SOS Mata Atlântica, the project aims to reinforce the conservation of coral reefs, to protect mangrove swamps and to preserve the habitats and ecosystems associated with the marine manatee, as well as promoting the sustainable development of the Costa dos Corais Environmental Protection Area.

This environmental protection area covers more than 413,000 hectares in ten municipal districts in the state of Alagoas and three in Pernambuco. Worthy of note during 2015/2016 was the development of closer relations with local institutions in the Brazilian Northeast. Two new institutions joined the project: the Associação Milagrense de Turismo Sustentável

**413,000
HECTARES**

the area covered by the APA Costa dos Corais, the company's largest environmental protection investment in Brazil

(Amitus) and the Instituto Yandê. The second phase of the ICMBio communication plan was also initiated.

Regarding the protection of the marine manatee, five animals were released into the Tatuamunha river in Porto de Pedras (Alagoas), totaling 43 animals reintroduced into nature since 1994 when the program was initiated.

During the year the Toyota APA Costa dos Corais project created a Marine Life Preservation Zone in Maragogi (Alagoas) and initiated work on another zone in Japaratinga (Alagoas). No human activities are permitted in these protection areas, with the exception of scientific research.

In São Paulo, the first collaborative workshop was held to discuss priorities and decide on activities for the year in alignment with the APA Costa dos Corais stewardship plan.

Blue Macaw

In place since 1989, Toyota’s oldest environmental project is aimed at preserving the Blue Macaw species and protecting the Pantanal biome in Mato Grosso do Sul. Threatened with extinction for years, the support provided by the Fundação Toyota do Brasil enabled the bird to be removed from the threatened species list in 2014, according to ICMBio.

In 2015, the total number of nests registered was 715 on 57 farms in the region. The number of birds monitored is the same as in the previous year: 3 thousand.

The foundation has sought to support the Instituto Arara Azul and its Sustainability Center located in Campo Grande (Mato Gross do Sul) – raising funds and establishing partnerships to drive tourism and scientific research and ensure the sustainability of the project.

715

nests monitored on 57 Pantanal farms in the Blue Macaw project

AMBIENTAÇÃO (ENVIRONMENTAL AWARENESS)

In place in Indaiatuba (São Paulo), Sorocaba (São Paulo) and Guaíba (Rio Grande do Sul), the project is aimed at driving community development through application of the Toyota Way management model, minimizing environmental impacts in public administration facilities and NGOs in the cities in which Toyota operates.

The program involves training given by TDB employees addressing matters such as reducing energy and water consumption and implanting waste management models. In eight years, the program has mobilized more than 415,000 people, including students, family members, teachers and residents in the areas around local public schools.

In 2015, participants in groups from the local government, the Military Police project Young Brazilians in Action and the Pastoral do Menor achieved a landmark 42% reduction in water consumption in the city of Sorocaba. In Indaiatuba, the 46 participating schools reduced their water consumption by 25%, while in Guaíba, 18 schools reduced energy consumption by 15% and water consumption by 34%.

Fundraising and the formation of partnerships reached 58% of target. This shortfall was due to the economic situation. To help ensure the continuity of programmed activities, the Toyota foundation provided some emergency funding. In parallel, there was an increase in the number of voluntary services provided for the institute.

SOCIAL RESPONSIBILITY AT TDB

In addition to its private social investment, TDB contributes indirectly to society by means of tax incentive laws. In 2015, R\$ 2.4 million was invested in the Cultural Trails project in Porto Feliz (São Paulo) and Guaíba (Rio Grande do Sul), with a further R\$ 750,000 raised for the Citizen Sport project in Indaiatuba (São Paulo)

Cultural Trails

Toyota conducts this project in partnership with municipal governments, valuing local traditions by supporting music, theater and dance activities, as well as workshops and art shows. In Porto Feliz (São Paulo), the Music and Arts project was sponsored by Toyota do Brasil and Banco Toyota, with support from the Porto Feliz Education, Culture and Sports department, involving more than 8,000 people in 10 hours of continuous activities. Also using Rouanet funding, for the ninth year running TDB organized the Body and Soul project. The event held in the Parque da Juventude benefited more than 15,000 people.

Citizen Sport

Promoted in Indaiatuba (São Paulo) in partnership with the municipal Sports Department, the project aims to encourage children aged from 6 to 17 years to participate in 20 different sports offered free of charge in 18 centers. In 2015, the project acquired 1,378 pieces of sporting equipment and 31,000 uniforms for participants. A survey conducted during the year demonstrated a 98.3% satisfaction rate with the program.



QUALITY, SAFETY AND TECHNOLOGY

Acknowledged for the reliability of its products, Toyota has invested in consolidating its leadership in new mobility technologies

IN THIS CHAPTER
60 Mobility in the future

In Brazil and worldwide, Toyota strives to uphold the attributes of reliability, safety and durability as brand differentials. As the outright leader in segments such as midsize sedans and with a growing presence in the compact and hybrid categories, the company seeks to incorporate leading edge technology and innovation, while ensuring safety in all its processes and end products.

The Toyota Production System (TPS), which underpins all the company's activities, from research and development to the sale of the finished product, is focused on controlling risk, waste and defects which could threaten the integrity of employees and end consumers. At both global and local level, the company has committees and working groups responsible for verifying each vehicle's conformance with Toyota safety standards, as well as with local legislation.

The automotive sector is subject to impacts and risks related to quality and safety, such as mechanical failures, assembly issues, breakdowns and the non-activation of safety equipment in accidents. To prevent this kind of occurrence, the company invests in recall campaigns and maintains its Special Committee for Global Quality, a global group that defines the Toyota quality standards and safeguards the company's reputation.

TDB has its Swift Market Analysis Response Teams (Smart), specialized technical groups that respond to more complex post-sale calls from customers. In 2015, 2,077 cases were discussed in meetings and a further 1,085 incidents were considered to be potential cases.

In 2015, TDB organized the largest recall campaign in its history, involving over 640,000 Corolla units due to a potential defect in the activation of the airbag. This incident represented a significant challenge which mobilized all the Customer Relations teams, the dealership network and Toyota suppliers (read more in Customers).

SAFETY GUARANTEE G4-14, G4-PR1

Both as standard equipment and optional extras, TDB offers components, systems and technologies that ensure safety and comfort for drivers. Frequently, these measures represent innovations in the market – an example being the double airbag offered in all Toyota vehicles before this became mandatory in Brazil. Other examples are the high-density polyethylene bed liner on the Hilux and the progressive deformation of the vehicle bodywork and collapsible steering columns in the event of collision in the Corolla and Etios models.

TDB was also ahead of Brazilian legislation in adopting the Isofix anchorage system for children's seats in the 2015 model of the Corolla. With the launch of the 2017 Etios, Toyota is now offering three-point safety belts and head rests for all the seats, as well as Isofix anchorage (in two positions) for children's seats in all its vehicles commercialized in Brazil. By law, these items will only be mandatory for all vehicles sold in the country in 2020.

It is TMC policy to carry out risk assessments in new vehicle projects to guarantee customer safety and well-being, as well as ensuring defect-free production processes.

+ THAN 2,000
complex cases reported by customers examined by the Smart technical team



IN THE FOREFRONT

Toyota installed double airbags in its vehicles before this was required by law, as was the case with the Isofix anchorage system for child safety seats.

To provide an external rating of vehicle performance, Toyota participates in Latin NCAP, an independent safety assessment of new vehicles in Latin America and the Caribbean. This ranges from crash tests to assess how the vehicle's structure protects occupants in collisions to other safety items aligned with United Nations Organization (UNO) road traffic safety criteria and standards.

Worthy of note in fiscal 2015/2016 was the 2016 Toyota Hilux, produced in the Zárate plant in Argentina, the first midsize pickup to undergo this assessment. The vehicle obtained five stars – on a scale from zero to five –, in protection of both adult and child occupants of the vehicle.

The new Toyota SW4 (Fortuner) was also submitted to Latin NCAP tests; like the Hilux, the SUV received the top rating (five stars) in protection of both adult and child occupants.

In the 2015 tests, the Corolla also performed well among the midsize sedans manufactured in Brazil, gaining five stars for occupants of the front seats and four stars for rear seat passengers. Another Toyota vehicle assessed was the RAV4, which received 5 stars for adult occupants and 4 stars for children. For the coming cycles, Toyota is working on enhancing safety levels in its vehicles even further.

STABILITY CONTROL G4-16

A significant event for the automobile industry in fiscal 2015/2016 was the publication of the Contran Resolution 567/2015 mandating the implementation of stability control systems on all new domestically produced and imported vehicles in Brazil.

Toyota participated actively in the discussions around this measure organized by Anfavea, the AEA and the auto-industry body CTAV (Câmara Temática de Assuntos Veiculares), supporting the Brazilian government in making stability control mandatory in all new projects by 2020 and in all models by 2022.

MOBILITY IN THE FUTURE

Acutely aware of the challenges mankind faces in promoting sustainable development - including the impacts of climate change, the need for alternative technologies to substitute fossil fuels and the question of mobility in large urban centers-, since the 1990s the Toyota Motor Corporation has been investing in renewing its vehicle portfolio, adapting it to a vision of mobility that has a positive impact on consumers and on the automotive industry.

As part of its Environmental Challenge announced in fiscal 2015/2016, the company has established an aggressive target: to mitigate up to 90% of CO2 emissions from new vehicles by 2050. What this means in practice is that by mid-century the company's portfolio will consist exclusively of hybrid, electric or fuel cell powered vehicles.

In 1997, TMC launched the hybrid Prius on the Japanese market, with technology that combines traditional fuels and electricity to power the vehicle. The model was the first to be produced on a commercial scale in the industry, and it provided a clear demonstration that it is possible to profitably introduce disruptive technologies in the automotive industry, driving the gradual elimination of non-renewable fuels and reducing atmospheric pollution.

Since then, Toyota has prioritized international expansion. By mid-2015, TMC was commercializing 35 different hybrid passenger vehicles, including the Prius - which is now present in 80 markets and regions. The company's target is to achieve annual sales of 1.5 million of this type of hybrid vehicle, reaching 15 million units by 2020.

In April 2016, TMC announced it had reached the landmark figure of 9 million hybrid vehicles commercialized worldwide. The Prius family continues to lead the segment, with 5.7 million automobiles sold - 63% of the total. Toyota has commercialized more than 700 units of the Prius through its dealership network in Brazil since 2013..



9 MILLION

hybrid vehicles commercialized by TMC up to April 2016

The Prius accounts for

63%

of hybrid sales

MORE THAN 700

Prius units sold in Brazil

INCENTIVES IN SÃO PAULO

With the largest vehicle fleet in Brazil, via municipal governments the state of São Paulo has introduced some important incentives for hybrid technology. Since 2014, the government of the city of São Paulo has forgone 100% of its quota of the IPVA vehicle tax, resulting in a 50% discount on road tax for hybrid vehicles. And in Sorocaba the municipal government has included hybrid electric vehicles, including the Prius, in the town's taxi fleet for the first time.

PIONEERING SPIRIT AND INNOVATION

In more mature markets, such as the Far East and Europe, TDB has experienced significant increases in sales and has further developed its mobility strategies – including vehicles that use different energy sources and provide different performance profiles in accordance with drivers' needs.

The TMC future vision encompasses three paths for mobility. The first is the use of electric vehicles, focused mainly on small cars and/or short journeys.

For transporting passengers short, medium or long distances, the company is betting on hybrid technology, alternating the use of fossil fuels and electricity in accordance with performance and speed requirements. This is where the Prius with its Hybrid Synergy Drive (HSD) technology is featured. The technology enables the automatic recharging of the batteries by the regenerative brakes–, using a combination of electric and internal combustion engines.

The future option with the highest impact involves the use of hydrogen fuel cells to drive vehicles like the Mirai, a four-seat sedan launched by Toyota in 2014 which represents a complete break with fossil fuels, generating energy through hydrogen cells.

Already on sale in Japan, the Mirai has a 153 brake horse power engine, which reaches 100 kph in less than 10 seconds and has a range of up to 480 kilometers.

Equipped with an electric engine, a battery, two high-pressure hydrogen tanks with a maximum capacity of 70 Mpa, a high capacity tension converter, a control center and a hydrogen fuel cell, the Mirai generates energy by means of a chemical reaction, capturing oxygen from the atmosphere and producing an electrical charge that drives the vehicle, while expelling water from its exhaust valve. The engine is driven directly by the battery, which is recharged by the kinetic energy generated when the automobile decelerates and brakes.

In March 2016, the Mirai was elected Global Green Car of the Year at the New York Motor Show. Its technology was chosen from among eight competing technologies from all over the world, taking into account the emissions factor, fuel efficiency and the use of eco-efficient technologies.



67 MILLION

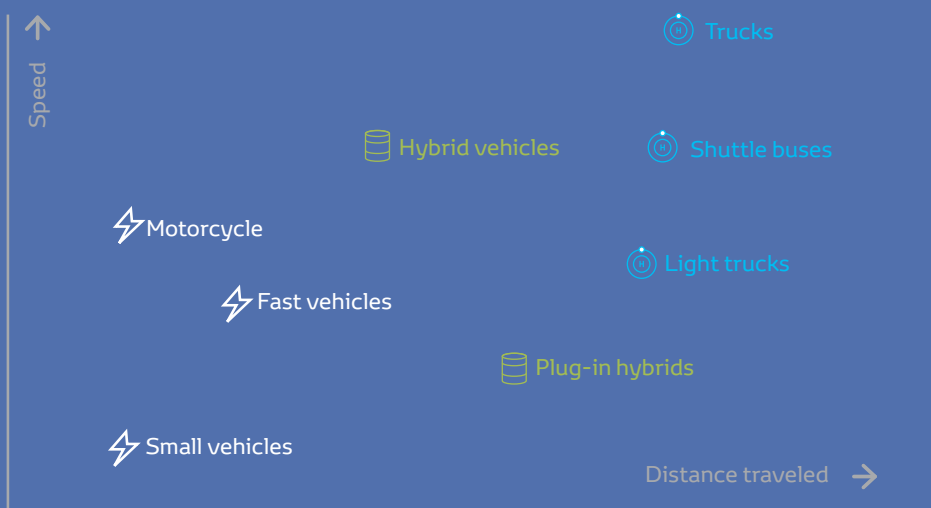
fewer metric tons of CO2 in the atmosphere

Total global reduction in emissions resulting from use of hybrid vehicles as calculated by Toyota; there was also a

25 BILLION

liter reduction in the use of gasoline

compared with conventional vehicles



ELECTRICITY
Electric vehicle zone



GASOLINE, DIESEL, BIODIESEL, CNG, GTL AND CTL
Hybrid and plug-in hybrid vehicle zone



HYDROGEN
Hydrogen fuel-cell powered vehicle zone

ABOUT THE REPORT

This document, also available online, provides a summary of Toyota’s operations in Brazil in fiscal 2015/2016 **G4-28, G4-29 G4-30, G4-31, G4-32 AND G4-33**

Once again Toyota do Brasil (TDB) is publishing its main social, economic and environmental projects, highlights and indicators in this *Sustainability Report*, which covers fiscal 2015/2016. The document adopts the Core option of the Global Reporting Initiative (GRI) G4 guidelines, reinforcing the company’s commitment to transparency and accountability to Brazilian society.

In this reporting cycle, the company has opted to disseminate the report primarily via digital media, in Portuguese and in English. It will also produce a summarized print version, showing the main highlights and achievements during the period.

The definition of the report contents took into account the strategic directives issued by TMC, as well as the results of the materiality process undertaken in the previous fiscal year, by means of which the company mapped the most material sustainability topics from the standpoint of its stakeholder groups (*read more* in Relations based on trust).

The indicators and data relate to all the TDB units in operation during the fiscal year – which runs from April 1, 2015 to March 31, 2016. Specific information is also provided about the supplier chain, the dealership network and the Fundação Toyota do Brasil regarding environmental and social indicators that are monitored as part of Toyota strategy.

The scope of the report does not cover the Brazilian operations of the organization’s Lexus division. There were no significant alterations in the metrics used or in the data base. However, some indicators related to the Porto Feliz plant and the Suape logistics center are likely to be altered in fiscal 2016/2017. Any revisions and restatements of information are described in footnotes or throughout the report. **G4-17**

The Sustainability Report is a document for which Toyota do Brasil is responsible. It reinforces the company’s belief in the country and its mission to contribute to local development, with an open door policy regarding clarifying doubts or responding to questions about its businesses. Further information about the contents presented in the report may be obtained via this email.

SUMMARY OF GRI CONTENT

ASPECT	DESCRIPTION	PAGE/RESPONSE	EXTERNAL VERIFICATION	OMISSION
STANDARD GENERAL DISCLOSURES				
STRATEGY AND ANALYSIS	G4-1 Message from the president	P. 4	No	
ORGANIZATIONAL PROFILE	G4-3 Name of the organization	P. 7	No	
	G4-4 Primary brands, products and/or services	Pp. 7 and 9	No	
	G4-5 Location of the organization's headquarters	P. 7	No	
	G4-6 Countries in which the operation's main or most relevant units for the sustainability aspects of the report are located	P. 7	No	
	G4-7 Nature of ownership and legal form	P. 7	No	
	G4-8 Markets served	P. 7	No	
	G4-9 Scale of organization	Pp. 7 and 8	No	
	G4-10 Employee profile	Pp. 7 and 8	No	
	G4-11 Percentage of employees covered by collective bargaining agreements	At TDB, 95.44% of the employees are covered by collective bargaining agreements.	No	
	G4-12 Description of organization's supply chain	P. 8 and 38	No	
	G4-13 Significant changes in the organization's size, structure, ownership, and supplier chain	P. 11	No	
	G4-14 Description of how the precautionary approach or principle is addressed by the organization	Pp. 35 and 58	No	
	G4-15 Social charters, principles, or other initiatives developed externally	P. 54	No	
	G4-16 Participation in associations and organizations	Pp. 53 and 59	No	



ASPECT	DESCRIPTION	PAGE/RESPONSE	EXTERNAL VERIFICATION	OMISSION
MATERIAL ASPECTS IDENTIFIED AND BOUNDARIES	G4-17 Entities included in the organization's consolidated financial statements, and entities not included in the report	P. 62	No	
	G4-18 Process for defining the report content	P. 40	No	
	G4-19 List of material aspects	Pp. 40 and 41	No	
	G4-20 Boundary within the organization for each material aspect	P. 41	No	
	G4-21 Boundary outside the organization for each material aspect	P. 41	No	
	G4-22 Restatements of information provided in previous reports	Any reformulations are duly identified in the responses to the indicators.	No	
	G4-23 Significant changes in scope and boundaries of material aspects in relation to previous reports	Any reformulations are duly identified in the responses to the indicators.	No	
STAKEHOLDER ENGAGEMENT	G4-24 List of stakeholder groups engaged by the organization	P. 40	No	
	G4-25 Basis for identification and selection of stakeholders with whom to engage	P. 40	No	
	G4-26 Approach to stakeholder engagement	P. 40	No	
	G4-27 Key topics and concerns that have been raised through engagement, by stakeholder group	P. 41	No	
REPORT PROFILE	G4-28 Reporting period	P. 62	No	
	G4-29 Date of most recent previous report	P. 62	No	
	G4-30 Reporting cycle	P. 62	No	
	G4-31 Contact point for questions regarding the report or its contents	P. 62	No	
	G4-32 Option of application of guidelines and location of GRI table	P. 62	No	
	G4-33 Current policy and practice with regard to seeking external assurance for the report	P. 62	No	
GOVERNANCE	G4-34 Organization's governance structure	P. 12	No	
ETHICS AND INTEGRITY	G4-56 Values, principles, standards and norms of behavior in the organization	P. 13	No	

ASPECT	DESCRIPTION	PAGE/RESPONSE	EXTERNAL VERIFICATION	OMISSION
SPECIFIC DISCLOSURES				
ECONOMIC CATEGORY				
ECONOMIC PERFORMANCE	G4-DMA Management approach	P. 30	No	
	G4-EC1 Direct economic value generated and distributed	Toyota do Brasil is a limited company and under the terms of law 11.368/2007 is not obliged to publish its balance sheet. As part of its strategy the company has always sought to keep its numbers confidential and to avoid disclosing its balance sheet and associated figures to third-parties, except in exceptional cases, which are protected by confidentiality clauses.	No	
	G4-EC2 Financial implications and other risks and opportunities for organization's activities due to climate change	P. 30	No	
INDIRECT ECONOMIC IMPACTS	G4-DMA Management approach	Pp. 11, 38, 53 and 54	No	
	G4-EC8 Description of significant indirect economic impacts	Pp. 11, 38, 53 and 54	No	
ENVIRONMENTAL CATEGORY				
ENERGY	G4-DMA Management approach	P. 21 and 23	No	
	G4-EN3 Energy consumption within the organization	P. 25	No	
	G4-EN4 Energy consumption outside the organization	P. 25	No	
	G4-EN6 Reduction in energy consumption	Pp. 26 and 30	No	
WATER	G4-DMA Management approach	P. 21	No	
	G4-EN8 Total water withdrawn by source	P. 29	No	
	G4-EN10 Percentage and total volume of water recycled and reused	P. 28	No	
BIODIVERSITY	G4-DMA Management approach	P. 31	No	
	G4-EN13 Habitats protected or restored	P. 31	No	
EMISSIONS	G4-DMA Management approach	P. 21, 25, 26 and 27	No	
	G4-EN18 Greenhouse gas emission intensity	P. 25	No	
	G4-EN19 Reduction of greenhouse gas emissions	Pp. 26 and 27	No	



ASPECT	DESCRIPTION	PAGE/RESPONSE	EXTERNAL VERIFICATION	OMISSION
EFFLUENTS AND WASTE	G4-DMA Management approach	P. 21, 29	No	
	G4-EN22 Total water discharge by quality and destination	P. 29	No	
	G4-EN23 Total weight of waste, by type and disposal method	P. 29	No	
PRODUCTS AND SERVICES	G4-DMA Management approach	Pp. 26, 27, 28, 30, 32 and 35	No	
	G4-EN27 Initiatives to mitigate environmental impacts	Pp. 26, 27, 28, 30, 32 and 35	No	
COMPLIANCE	G4-DMA Management approach	Pp. 21	No	
	G4-EN29 Value of fines and total number of sanctions resulting from non-compliance with environmental laws	In fiscal 2015/2016, Toyota do Brasil did not receive any fines or monetary sanctions for non-compliance.	No	
GENERAL	G4-DMA Management approach	Pp. 21 and 24	No	
	G4-EN31 Total environmental protection expenditures and investments by type	P. 24	No	
SOCIAL CATEGORY – LABOR PRACTICES AND DECENT WORK				
EMPLOYMENT	G4-DMA Management approach	Pp. 47, 52	No	
	G4-LA1 Total number and rates of new employee admissions and employee turnover, by age group, gender and region	P. 48	No	
	G4-LA2 Comparison of benefits for full-time and temporary workers	P. 52	No	
OCCUPATIONAL HEALTH AND SAFETY	G4-DMA Management approach	P. 52	No	
	G4-LA8 Health and safety aspects covered by formal trade union agreements	P. 52	No	
TRAINING AND EDUCATION	G4-DMA Management approach	Pp. 49, 50 and 51	No	
	G4-LA9 Average hours training per year	P. 50	No	
	G4-LA10 Programs for skills management and lifelong learning	TDB does not have programs to prepare employees for retirement.	No	
	G4-LA11 Percentage of employees receiving performance appraisals	P. 51	No	
SOCIAL CATEGORY – SOCIETY				
LOCAL COMMUNITIES	G4-DMA Management approach	Pp. 54 a 56	No	



ASPECT	DESCRIPTION	PAGE/RESPONSE	EXTERNAL VERIFICATION	OMISSION
	G4-S01 Percentage of operations with implemented local community engagement, impact assessment, and development programs	P. 54	No	
COMPLIANCE	G4-DMA Management approach	P. 13	No	
	G4-S08 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	In fiscal 2015/2016 there were no significant fines or non-monetary sanctions stemming from non-compliance with laws and regulations in force in the country.	No	
SOCIAL CATEGORY – PRODUCT RESPONSIBILITY				
CUSTOMER HEALTH AND SAFETY	G4-DMA Management approach	P. 58	No	
	G4-PR1 Assessment of health and safety impacts during the product and service life cycle	P. 58	No	
PRODUCT AND SERVICE LABELING	G4-DMA Management approach	P. 44	No	
	G4-PR5 Results of surveys measuring customer satisfaction	P. 44	No	
COMPLIANCE	G4-DMA Management approach	P. 13	No	
	G4-PR9 Fines for non-conformance related to product and service supply and use	In fiscal 2015/2016, there were no fines or sanctions for non-compliance related to product and service supply and use.	No	

EXPEDIENTE

GERÊNCIA DE COMUNICAÇÃO CORPORATIVA

Anderson Suzuki

COORDENAÇÃO DE PROJETO

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CONSULTORIA GRI, COORDENAÇÃO EDITORIAL E *DESIGN*

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Banco de Imagens Toyota

INFOGRÁFICO

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