

1 Toyota Auto Body Co., Ltd.

	Companies' approach
□ Background and purpose of accounting	<ul style="list-style-type: none"> As part of our efforts to curb life-cycle CO₂ emissions under the Toyota Auto Body Long-term Environmental Vision, we will measure our carbon footprint and ascertain which category has the largest impact in order to effectively reduce emissions throughout the supply chain.
□ Utilization of accounting results	<p>The accounting results are utilized to:</p> <ul style="list-style-type: none"> ascertain the total emissions across the supply chain, develop efficient reduction measures, and gauge their effectiveness; and provide data used to respond to external corporate evaluation, such as the Carbon Disclosure Project (CDP), and published on our website and through other forms of communication to emphasize our environmental commitments.
□ Benefits of accounting	<p>The accounting enables us to:</p> <ul style="list-style-type: none"> quantify GHG emissions for each category and identify categories with large emissions, highlighting areas in the supply chain that we need to focus on to effectively reduce emissions; and enhance environmental awareness among employees across the company because the accounting requires cross-divisional cooperation.
□ Internal system for accounting	<ul style="list-style-type: none"> The committee supervising overall environmental activities plays the central part in gathering financial, HR, purchasing, and other data from relevant divisions and implementing calculations.

2 Toyota Auto Body Co., Ltd.

Companies' approach

□ Efforts to reduce supply chain emissions

We are working to:

- actively promote weight reduction and other activities that will contribute to increasing fuel efficiency of vehicles in order to curb GHG emissions, particularly from Category 11 (use of sold products), which accounts for the majority of our supply chain emissions; and
- reinforce collaboration with suppliers to encourage them to, among others, adopt raw materials and processing methods with less CO₂ emissions in order to reduce emissions for Category 1 (purchased goods and services), which is the second largest source of emissions.

□ Issues in supply chain emissions accounting

- When emissions per monetary value are accounted for, the fluctuation of purchase prices, rather than quantity purchased, affects the accounting results.
- When we introduce the accounting to our consolidated subsidiaries in Japan and abroad, we need to develop a system for gathering and handling amount of activity and unit value data, particularly at the overseas subsidiaries.
- The effects of specific reduction measures taken for the supply chain do not become evident numerically if the effects are not linked with the unit value adopted for the accounting. There is, therefore, a need to reconsider what unit value should be used as necessary.

□ Other

3 Toyota Auto Body Co., Ltd.

Category	Accounting methods	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> ● Vehicle production volume 	<ul style="list-style-type: none"> ● Life cycle assessment (LCA) data
Category 2: Capital goods	<ul style="list-style-type: none"> ● Amount of capital investment 	<ul style="list-style-type: none"> ● Emissions per unit price of capital goods*
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> ● Annual energy consumption by type 	<ul style="list-style-type: none"> ● Emissions per unit of energy consumption (CFP-DB)
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> ● Vehicle production volume 	<ul style="list-style-type: none"> ● Life cycle assessment (LCA) data
Category 5: Waste generated in operations	<ul style="list-style-type: none"> ● Amount of waste generated by type 	<ul style="list-style-type: none"> ● Emissions per unit amount of waste generated by type*
Category 6: Business travel	<ul style="list-style-type: none"> ● Transportation expenses paid by means of transport 	<ul style="list-style-type: none"> ● Emissions per unit of transportation expenses by means of transport*
Category 7: Employee commuting	<ul style="list-style-type: none"> ● Number of employees 	<ul style="list-style-type: none"> ● Emissions per unit number of employees and days worked*
Category 8: Leased assets (upstream)	<ul style="list-style-type: none"> ● N/A 	<ul style="list-style-type: none"> ● N/A
Category 9: Transportation and delivery (downstream)	<ul style="list-style-type: none"> ● Ton-kilometers transported of vehicles produced 	<ul style="list-style-type: none"> ● Emissions coefficient for transportation under the Accounting and Reporting System based on the Act on Promotion of Global Warming Countermeasures*
Category 10: Processing of sold products	<ul style="list-style-type: none"> ● N/A 	<ul style="list-style-type: none"> ● N/A
Category 11: Use of sold products	<ul style="list-style-type: none"> ● Fuel consumption, life-cycle mileage, number of years of use 	<ul style="list-style-type: none"> ● Emissions unit value by type of fuel (CFP-DB)
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> ● Vehicle production volume 	<ul style="list-style-type: none"> ● Life cycle assessment (LCA) data
Category 13: Leased assets (downstream)	<ul style="list-style-type: none"> ● N/A 	<ul style="list-style-type: none"> ● N/A
Category 14: Franchises	<ul style="list-style-type: none"> ● N/A 	<ul style="list-style-type: none"> ● N/A
Category 15: Investments	<ul style="list-style-type: none"> ● N/A 	<ul style="list-style-type: none"> ● N/A

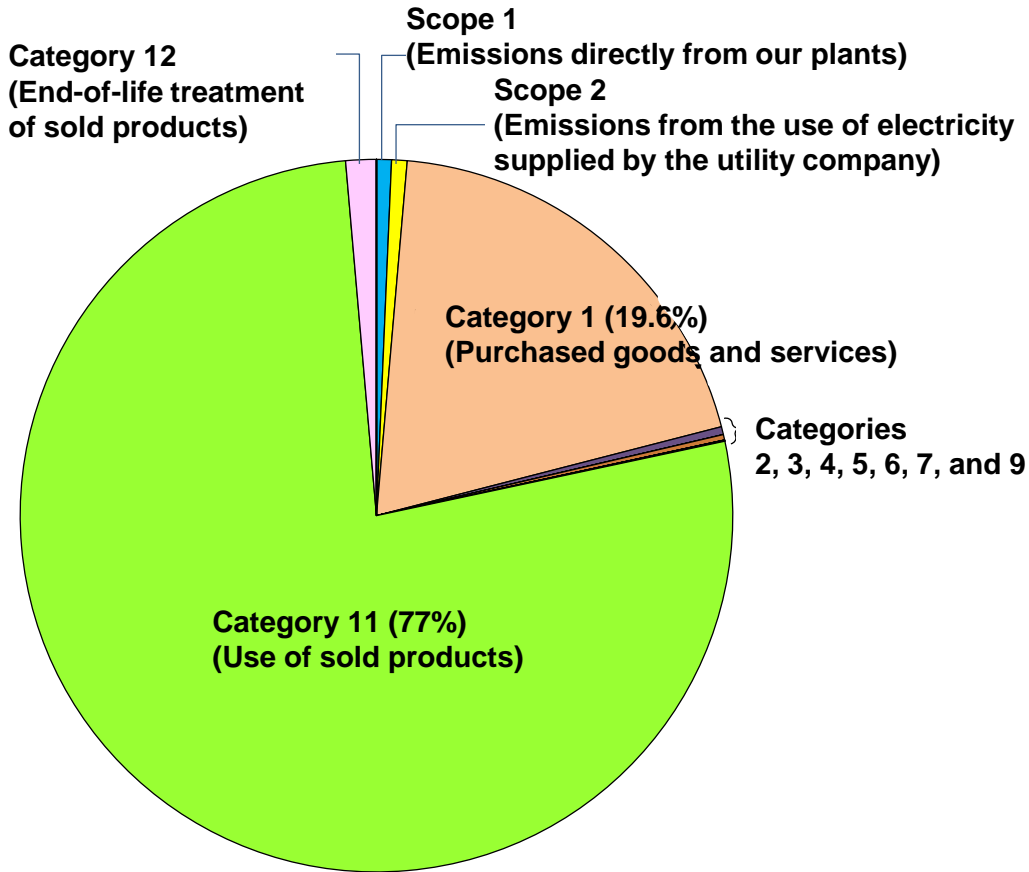
* Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain

4 Toyota Auto Body Co., Ltd.

Accounting results

● Supply chain emissions

<Share of emissions by scope/category in FY 2016>



Scope/Category		Share (%)
Scope 1		0.7%
Scope 2		0.7%
Category 1	Purchased goods and services	19.6%
Category 2	Capital goods	0.4%
Category 3	Fuel and energy related activities not included in Scope 1 or 2	0.001%
Category 4	Transportation and delivery (upstream)	0.2%
Category 5	Waste generated in operations	0.004%
Category 6	Business travel	0.003%
Category 7	Employee commuting	0.03%
Category 8	Leased assets (upstream)	-
Category 9	Transportation and delivery (downstream)	0.02%
Category 10	Processing of sold products	-
Category 11	Use of sold products	77.0%
Category 12	End-of-life treatment of sold products	1.4%
Category 13	Leased assets (downstream)	-
Category 14	Franchises	-
Category 15	Investments	-