TMCC Green Bond Program

May 2021
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- These statements are based on current expectations and currently available information.

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Toyota’s Path to a Sustainable Environment

Toyota Environmental Challenge 2050

In light of mounting global environmental issues, Toyota announced the Toyota Environmental Challenge 2050 in October 2015. Based on the six challenges, we are taking measures with the aim of achieving zero CO₂ emissions and a net positive environmental impact and will contribute to the realization of a sustainable society.

One of these challenges is to eliminate CO₂ emissions for all new vehicles, with the target milestones below:

Source: https://global.toyota/en/sustainability/esg/environmental/
Toyota’s Path to a Sustainable Environment

- The Toyota hybrid system is the core of Toyota and Lexus alternative fuel vehicles
  - 14 hybrid electric models, 2 plug-in hybrid and 1 fuel cell vehicle across the North American line-up as of April 2021
  - Toyota and Lexus accounted for approximately 68% of the U.S. hybrid vehicles on the road in 2020
  - Toyota Hybrid sales in 2020 increased 53.5% from 2019, approximately 16% of total sales

- Toyota continues to refine its core hybrid technology and expand its use while exploring different applications for pure electric and fuel cell powertrains:
  - Since 1997, over 17 million units of electrified vehicles sold globally (over 4 million in the United States), which prevented estimated 140 million tons of CO$_2$ from entering the atmosphere

In support of Toyota’s mission of environmental sustainability, TMCC developed a Green Bond Program in 2014, to help finance certain vehicles with low greenhouse gas and smog emissions.

- Green Bonds are instruments in which the proceeds are applied exclusively towards projects and activities that promote climate or other environmental sustainability initiatives

- TMCC’s Green Bond proceeds are used for financing new retail loan and lease contracts for Toyota and Lexus vehicle models that meet the eligibility criteria as outlined by the TMCC Green Bond Framework Projection Evaluation and Selection
Framework: Project Evaluation and Selection

Eligibility Criteria: Financing new retail loan and lease contracts for current and future Toyota and Lexus vehicle models that meet all three eligibility criteria described below:

- Must be HEVs, PHEVs, FCEVs and BEVs;
- Vehicle for which the base trim model has maximum tailpipe CO$_2$ emission of 110 gram per kilometer (~177 gram per mile);
- A United States Environmental Protection Agency (“EPA”) Smog Rating of 7 or better (where 10 is the cleanest).

Eligible Models that satisfy all three Eligibility Criteria (as of April 2021) include:

<table>
<thead>
<tr>
<th>Make</th>
<th>Model</th>
<th>Vehicle Type</th>
<th>CO$_2$ (g/km)</th>
<th>EPA Smog Rating</th>
<th>MPG$^{(1)*}$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota</td>
<td>Camry Hybrid $^{(2)}$</td>
<td>HEV</td>
<td>106 - 121</td>
<td>7</td>
<td>49</td>
</tr>
<tr>
<td>Toyota</td>
<td>Corolla Hybrid</td>
<td>HEV</td>
<td>106</td>
<td>7</td>
<td>52</td>
</tr>
<tr>
<td>Toyota</td>
<td>Prius $^{(3)}$</td>
<td>HEV</td>
<td>98-110</td>
<td>7</td>
<td>52</td>
</tr>
<tr>
<td>Toyota</td>
<td>Prius Prime</td>
<td>PHEV</td>
<td>48</td>
<td>7</td>
<td>54 / 133 $^{(4)}$</td>
</tr>
<tr>
<td>Toyota</td>
<td>RAV4 Prime</td>
<td>PHEV</td>
<td>45</td>
<td>7</td>
<td>38 / 94 $^{(4)}$</td>
</tr>
<tr>
<td>Toyota</td>
<td>Mirai</td>
<td>FCEV</td>
<td>0</td>
<td>10</td>
<td>70 $^{(5)}$</td>
</tr>
</tbody>
</table>

1) City/Highway combined Miles per gallon (“MPG”) or MPG equivalent (“MPGe”) averaged across all trims.
2) Includes Camry Hybrid LE (base trim with 106 g/km) and Camry Hybrid SE/XLE/XSE (121 g/km).
3) Includes Prius (105 g/km), Prius Eco (98 g/km), and Prius AWD (110 g/km).
4) 1st figure represents MPG in hybrid mode, and the 2nd figure represents MPG in electric mode.
5) Represents the average of the Mirai Limited and the Mirai XLE. Figures are miles per gallon equivalent. One kilogram of hydrogen is approximately equal to a gallon of gasoline (https://www.fueleconomy.gov/feg/fcv_sbs.shtml)
Framework: Project Selection and Evaluation

Vehicle Emissions Standards: Overview of the EPA’s Smog Rating

- All new vehicles for sale in the United States must be certified to meet either Federal emission standards, set by the U.S. Environmental Protection Agency ("EPA"), or California standards, set by the California Air Resources Board ("CARB") (1)

- The EPA rates new vehicles for tailpipe smog emissions on a scale of one to ten to help consumers understand and compare emission levels when shopping for vehicles. EPA Smog Ratings are more nationally recognized, and are easily understandable and visible to end consumers.

- Since 2016, Toyota has used EPA Smog Ratings rather than CARB vehicle classifications to determine the Eligible Models. Beginning with MY2018, the EPA recalibrated the rating to conform with the new tier 3 emissions standards. As shown below, these standards are comparable to CARB LEV III standards, but may be subject to change in the future.

- Taking into account the EPA’s recalibration, TMCC’s Green Bonds have maintained a consistent threshold for emissions since 2014.

EPA Smog Ratings and California Phase III Low Emission Vehicle Standards (2)

<table>
<thead>
<tr>
<th>EPA Smog Rating (MY2018 – MY2021)</th>
<th>CARB LEV III</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ 10</td>
<td>✓ ZEV</td>
</tr>
<tr>
<td>✓ 9</td>
<td>✓ --</td>
</tr>
<tr>
<td>✓ 8</td>
<td>✓ SULEV 20</td>
</tr>
<tr>
<td>✓ 7</td>
<td>✓ SULEV 30</td>
</tr>
<tr>
<td>× 6</td>
<td>× SULEV 50</td>
</tr>
<tr>
<td>× 5</td>
<td>× SULEV 70</td>
</tr>
<tr>
<td>× 4</td>
<td>× --</td>
</tr>
<tr>
<td>× 3</td>
<td>× SULEV125</td>
</tr>
<tr>
<td>× 2</td>
<td>× --</td>
</tr>
<tr>
<td>× 1</td>
<td>× SULEV160</td>
</tr>
</tbody>
</table>

(1) Neither the Environmental Protection Agency, the State of California, nor any of their administrative agencies sponsor, endorse or are otherwise affiliated with this presentation.

(2) Final EPA rules and ratings can be found at https://www3.epa.gov/otaq/carlabel/regulations.htm and https://www.epa.gov/greenvehicles/smog-rating

(3) Smog Ratings as determined by the EPA for the purchase of a vehicle in California.
Framework: Management of Proceeds

Green Bond proceeds are initially deposited by TMCC into one or more segregated accounts and invested in money market instruments pending allocation, managed by TMCC’s Treasury team.

Illustrative Flow of Green Bond Proceeds to TMCC

* If bond proceeds are in a currency other than USD, TMCC enters into a cross-currency swap on the settlement date. The full USD equivalent of the bond proceeds are deposited into the segregated account(s) on such date.
Framework: Use of Proceeds Reporting

TMCC prepares monthly Green Bond Use of Proceeds (UoP) reports (available on the TMCC Investor Relations website; example below) certifying:

- The number and dollar amounts of leases and loans of Eligible Models financed by model,
- Estimated CO\(_2\) (g/km) emission (starting in 2021), and EPA Smog Ratings of the Eligible Models,
- The amounts of any remaining unused proceeds in the segregated account(s), and
- That the proceeds have been used in accordance with the UoP section of the Green Bond Framework.

TMCC engages a firm of independent accountants to perform agreed upon procedures with respect to the amounts reported in the Use of Proceeds reports.

Source: Green Bond – Use of Proceeds $750M MTN due Feb 2030
Framework: Impact Reporting

- In addition to the monthly Use of Proceeds reports, TMCC intends to prepare a one-time impact report.
- The impact report is expected to be prepared and published to our Investor Relations website approximately one year following bond settlement.
- The impact report will provide a quantitative estimate of the lifetime reduction in CO₂ emissions achieved by the Eligible Models financed by the Green Bond proceeds.

Note: TMCC Green Bonds issued between 2014-2019 provided Use of Proceeds reporting only, not impact reporting.
To provide greater transparency for investors, TMCC engages with Sustainalytics, a leading global provider of environmental, social and corporate governance research, to provide an independent Second Party Opinion (“SPO”) on TMCC’s Green Bond Framework.
“The eligible Green Project categories, listed in no specific order, include, but are not limited to: […]

- clean transportation (such as electric, hybrid, public, rail, non-motorized, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions)”

## Appendix: Greenhouse Gas vs. Smog Forming Emissions

<table>
<thead>
<tr>
<th>Greenhouse Gas Emissions</th>
<th>Smog Forming Emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Greenhouse gases (GHGs) are emitted from the tailpipes of cars and trucks that combust fuel.</td>
<td>• Cars and trucks that combust fuel also emit smog forming emissions, such as nitrogen oxide, non-methane organic gases, carbon monoxide, particulate matter, and formaldehyde.</td>
</tr>
<tr>
<td>• Once GHGs are released, they can stay in the atmosphere for 100 years or more.</td>
<td>• These emissions are usually trapped close to the ground and can form a brownish haze that pollutes our air, particularly over cities in the summertime.</td>
</tr>
<tr>
<td>• GHGs act like a blanket around Earth, trapping energy in the atmosphere and causing it to warm. This can change Earth's climate, raise sea levels, and result in dangerous effects to human health and welfare, and to ecosystems.</td>
<td>• Smog can make it difficult for some people to breathe, triggering lung diseases such as asthma, emphysema, and chronic bronchitis.</td>
</tr>
</tbody>
</table>

Source: [https://www.epa.gov/greenvehicles/light-duty-vehicle-emissions](https://www.epa.gov/greenvehicles/light-duty-vehicle-emissions)
“I don’t want to **PROTECT** the environment. I want to **CREATE A WORLD** where the environment doesn’t need protecting.” – Unknown