












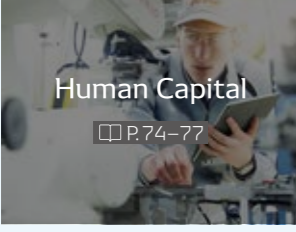


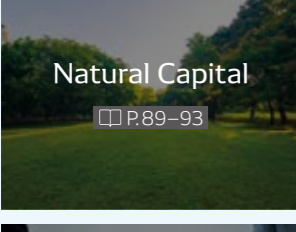
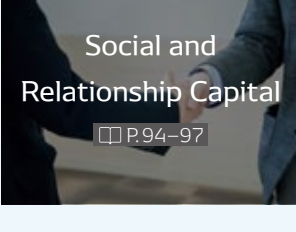


# Our Accumulated Capitals

The capitals that we have accumulated while achieving growth as a company now support our business activities and provide us with a source for enhancing our corporate value. Efforts to refine the substance of the strengths that drive our growth will allow us to reinforce our human, manufacturing, intellectual, natural, and social and relationship capitals, which in turn will help us increase our financial capital. To realize sustainable growth through this kind of cycle, we will not only maintain but also strengthen these capitals going forward.

## Correspondence of Financial and Non-Financial Capitals to Business Growth and Social Issue Resolution

Capitals	Our Vision	KPIs (FY2026 Targets)	Initiatives to Strengthen Capitals	Business Growth			Social Issue Resolution	Relationship with SDGs
				Creation of New Value	Profit Growth	Reduction in Capital Cost		
 <p><b>Financial Capital</b> P.66-73</p>	<p><b>Striving to Realize a Lean, Sturdy, and Flexible Operating Structure</b></p>	<p><b>ROE: 10% or higher</b> <b>Operating margin: 10%</b></p>	<ul style="list-style-type: none"> <li>Reinforce profit structure</li> <li>Reduce low-profit assets</li> <li>Improve capital structure</li> <li>Engage in dialogue with markets</li> </ul>	<ul style="list-style-type: none"> <li>Bold investment in new and growing fields through well-focused investment</li> <li>Development of next-generation technologies through swift R&amp;D, including collaboration with partners</li> </ul>	<ul style="list-style-type: none"> <li>Improvement in ROIC through business portfolio reweighting</li> <li>Growth in profits based on realization of growth in the CASE vehicle field</li> <li>Curbing of fixed costs through disciplined investment management</li> <li>Improvement of asset efficiency based on reduction of cross-shareholdings and reduction of cash on hand</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of capital structure through utilization of borrowings and augmentation of shareholder returns</li> <li>Reduction in cost of shareholders' equity through stepped-up investor relations activities</li> </ul>	<ul style="list-style-type: none"> <li>Carbon-neutral society</li> <li>Elimination of traffic accident fatalities</li> <li>Carbon-neutral Monozukuri</li> <li>Optimal logistics systems with no waste</li> <li>Stable global production and supply</li> <li>Creation of a global environment where people can live with peace of mind</li> <li>Development of Monozukuri personnel</li> </ul>	           
 <p><b>Human Capital</b> P.74-77</p>	<p><b>People and Organization That Form a Group of Professionals with the Ability to Make Their Ambitions a Reality</b></p>	<p><b>Rate of affirmative responses in employee engagement survey: 78%</b> <b>Number of women in management positions</b> <b>Business fields: 200</b> <b>Technical fields: 200</b></p>	<ul style="list-style-type: none"> <li>Renewal of human resource policies and systems</li> <li>Support for employee career realization</li> <li>Creation of open workplaces full of vitality</li> </ul>	<ul style="list-style-type: none"> <li>Creation of innovation through interaction among employees who are diverse in terms of their personalities, values, and experience</li> </ul>	<ul style="list-style-type: none"> <li>Increase in profits through deployment of personnel to growth fields</li> <li>Improvement of efficiency based on enhanced digital transformation literacy</li> <li>Optimal resource utilization through deployment of personnel to the most suitable in-house positions</li> </ul>	<ul style="list-style-type: none"> <li>Increase in highly productive personnel through the utilization of evaluation and compensation systems based on roles and performance</li> </ul>		
 <p><b>Manufacturing Capital</b> P.78-79</p>	<p><b>Realization of Resilient Monozukuri through Technical Skills That Continuously Evolve and the Utilization of Global and Digital Technology Capabilities</b></p>	<p><b>Capital expenditures: ¥350.0 billion</b> <b>Planned investment in efforts to reduce CO<sub>2</sub> emissions: ¥100.0 billion (FY2023-FY2026)</b> • Increase in ability to respond on a global basis to volatility</p>	<ul style="list-style-type: none"> <li>Establishment of global production and supply capabilities</li> <li>Realization of digital-twin plants</li> </ul>	<ul style="list-style-type: none"> <li>Realization of a circular economy through energy recycling systems and resource reuse</li> </ul>	<ul style="list-style-type: none"> <li>Pursuit of sales growth and profits through global production and supply capabilities</li> <li>High quality and production efficiency that are enabled by digital-twin plants</li> <li>Productivity improvement based on data analysis</li> <li>Cost reduction through disciplined investment decisions</li> <li>Contribution to energy and resource savings</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of supply risk through the building of a resilient supply network</li> <li>Stable manufacturing based on integration of the supply chain</li> </ul>		
 <p><b>Intellectual Capital</b> P.80-88</p>	<p><b>Promoting R&amp;D Activities That Realize World-First and World-Best Offerings with a Focus on the Trends of the Times</b></p>	<p><b>R&amp;D expenditure: ¥450.0 billion</b> <b>Number of software engineers: 12,000</b> • Expansion and acceleration of R&amp;D</p>	<ul style="list-style-type: none"> <li>Augmentation of semiconductor development</li> <li>Increase in the efficiency of mass production development</li> <li>Development of software engineers</li> <li>Acceleration of advanced research</li> <li>Building of an intellectual property portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Creation of world-best and world-first products through leading-edge technology research</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of competitive advantages for CASE vehicles and semiconductors through investment in and deployment of personnel to growth fields</li> <li>Improvement in the efficiency of software development through the utilization of digital transformation</li> </ul>	<ul style="list-style-type: none"> <li>Establishment and maintenance of competitive advantages inside and outside the automotive industry through an increase in the creation of patents that can be utilized by other companies</li> </ul>		
 <p><b>Natural Capital</b> P.89-93</p>	<p><b>Pursuing Environmental Neutrality to Both Preserve the Global Environment and Create Economic Value</b></p>	<p><b>Realization of industry-leading carbon neutrality (manufacturing) FY2026 (with carbon credits) FY2036 (without carbon credits)</b> • Efficient utilization of natural capital • Reduction of environmental impact</p>	<ul style="list-style-type: none"> <li>Thorough energy-saving activities in all facets of our operations</li> <li>Introduction of renewable energy based on economic rationality</li> <li>Efficient utilization of natural capital through recycling, among other measures</li> <li>Minimization of environmental impact based on the reduction of waste and emissions</li> </ul>	<ul style="list-style-type: none"> <li>Creation of innovative energy-saving technologies, such as CO<sub>2</sub> recycling systems, through the application of automotive environmental technologies</li> </ul>	<ul style="list-style-type: none"> <li>Monozukuri that is both carbon neutral and profitable</li> <li>Development and popularization of electric vehicle components in response to increasingly stringent environmental regulations</li> </ul>	<ul style="list-style-type: none"> <li>Environmental impact reduction activities that lower the cost of countermeasures for future physical risks related to the environment</li> <li>Reduction of resource depletion risks through the effective use of resources</li> <li>Acquisition of excellent human resources through the establishment of an environmental brand</li> </ul>		
 <p><b>Social and Relationship Capital</b> P.94-97</p>	<p><b>Strengthening Our Bonds with Diverse Stakeholders through Dialogue in Pursuit of Mutual Growth</b></p>	<p><b>Number of suppliers: Approx. 7,360 (FY2023 results)</b> • Establishment of good relationships • Reinforcement of other capital through the creation of allies</p>	<ul style="list-style-type: none"> <li>Enhancement of dialogue with all stakeholders</li> <li>Building of an unshakable corporate foundation</li> </ul>	<ul style="list-style-type: none"> <li>Creation of new value through collaboration with business partners</li> </ul>	<ul style="list-style-type: none"> <li>Offering of products and solutions that inspire customers and greater society</li> <li>Achievement of supply stability through reinforcement of relationships with suppliers and reduction of production costs through risk management</li> </ul>	<ul style="list-style-type: none"> <li>Elimination of information asymmetry with shareholders and investors through the provision of timely, appropriate information</li> </ul>		