

ETHICS

AND

CONFLICTS OF INTEREST

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I. POLICY

Central to Toyota's vision of becoming the most successful and respected car company in America is that all associates adhere to the highest ethical standards in the conduct of Company affairs and in their relationships with customers, dealers, suppliers and vendors, fellow associates, advisors and the communities in which Toyota operations are located.

Associates are expected to accept certain responsibilities, adhere to acceptable business principles in matters of personal conduct and exhibit a high degree of personal integrity at all times. This demands that associates refrain from any conduct that might be detrimental to themselves, co-workers or Toyota, or that might be viewed unfavorably by current or potential customers or by the public at large. Unethical conduct by associates reflects negatively on Toyota. Associates are, consequently, expected to exhibit moral and ethical leadership at all times.

This policy provides rules, guidelines and examples to help associates make sound decisions and to avoid unethical conduct and potential conflicts of interest. The policy also requires associates to make certain disclosures to the Company to ensure transparency in all actions and relationships and requires that associates report any suspected instances of unethical conduct. While the examples are helpful, it would be virtually impossible to cite instances of every type of activity that might give rise to a question of unethical conduct. Therefore, it is important that all associates exercise good judgment in the performance of their duties and responsibilities. Ethics and conflict of interest issues are often complex, and it is recognized that there may not always be a clear "right answer." For this reason, in any situation that seems unclear or that makes them feel uncomfortable, associates should request guidance from their management or other available resources, including Human Resources, Internal Audit, the Legal Services Group or the Ethics Officer.



CONFLICTS OF INTEREST

II. PROVISIONS

A. It is important for all associates to avoid any actual conflict of interest as well as any appearance of a conflict of interest. The term “conflict of interest” describes any circumstance that would cast doubt on an associate’s ability to act with total objectivity with regard to Toyota’s interest. Each associate is expected to avoid any action or involvement in any activity that creates an actual or apparent conflict of interest that would in any way compromise or appear to compromise his or her actions on behalf of Toyota. Associates are required to disclose any actual or potential conflict of interest to the Ethics Officer who will, after investigation and consideration of the circumstances, determine whether a conflict of interest exists and if action is required to avoid or eliminate the potential conflict. Disclosures will be made in the manner described in Section III, A below.

1. Relationships with Dealers and Business Partners

- (a) Ownership Interest in Dealers. Associates may not have any direct ownership interest in a Toyota, Scion or Lexus dealership. Associates must disclose any indirect ownership interest, such as that of a spouse, parent (including in-laws), child or sibling or any trust established for the benefit of such persons. Associates must also disclose any ownership interest held by a close relative such as an aunt, uncle or cousin and anyone living in the associate’s household. Associates may not be involved in, or in a position to influence, any matter involving a dealership in which the associate’s family, close relatives or persons living in the associate’s household have an ownership interest. Associates may not own stock in a publicly held dealership entity that owns Toyota, Scion or Lexus dealerships, except where such stock is held in a mutual fund owned by the associate. Disclosures must be made in a timely manner as described in Section III, A below.



EXAMPLE:

Q: As a regional field representative, I am impressed by the operations of a dealership owned by XYZ Autos, Inc., a publicly held corporation. May I buy stock in XYZ?

A: As a field representative, any ownership interest in a dealership, even through stock in its parent organization, is a conflict of interest. For associates who do not have any responsibility for dealership matters, there is a potential conflict of interest (which could become an actual conflict if they change responsibilities). Therefore, no associate should own stock in a dealership operation. The only exception is if you own a mutual fund whose portfolio includes a comparatively small percentage of stock in a public dealer entity.

- (b) **Ownership Interest in Business Partners.** An associate may not have any direct or indirect ownership interest in any vendor or supplier (also referred to herein as business partner) for which the associate has any responsibility in the selection, supervision or evaluation process. Associates must disclose any direct or indirect ownership interest in any business partner with whom Toyota does business, regardless of whether the associate has any responsibility for the relationship with that business partner. An indirect ownership interest is any interest held by a spouse, parent (including in-laws), child or sibling or any trust established for the benefit of such persons, a close relative such as an aunt, uncle or cousin and anyone living in the associate's household. Where such interest consists of a holding of less than 1% of the outstanding stock in a publicly held company, an associate does not have to make a disclosure. Disclosures must be made in a timely manner as described in Section III, A below.

EXAMPLE:

Q: I am in the IS Department and own 1000 shares of Dell Computer. Toyota buys computers from Dell. Must I sell my stock, or should I just disclose the fact that I own it to Toyota?

A: Actually, you don't have to do either in this case. Dell is a publicly traded company and you own less than 1%.

Q: I am in the Marketing Department. My sister is a partner in a small company that is discussing an arrangement with Toyota to provide some POP brochures. What do I have to do?

A: You will need to disclose the fact that your sister is a part owner of the company (you will also need to avoid participating in any way in the decision as to whether to hire her company). If your sister is retained, you must ensure that you are not involved in managing her activities or

influencing others who manage her activities.

- (c) Consulting and Employment Relationships. Associates may not have any consulting or employment relationship with any dealer, business partner or competitor. Associates must disclose any consulting or employment relationship with any dealer, business partner or competitor held by any family member, close relative or member of the associate's household. Disclosures must be made in a timely manner as described in Section III, A below.

EXAMPLE:

Q: A dealer whom I service lost his F&I manager unexpectedly. He asked me if I could come in over weekends to help out until he has a replacement. Does it matter whether he pays me?

A: Toyota associates may not perform work for dealers, business partners or competitors. This would create an actual conflict of interest, regardless of whether your services are voluntary or for pay.

2. Use of Position or Influence

- (a) Transactions with Subordinates. An associate may not require subordinate associates to perform services of a personal nature such as home improvement projects. An associate may request other associates to perform services of a personal nature provided: (i) the associate is not a direct or indirect subordinate; (ii) there is no pressure to accept the request or any consequence for not accepting the request; (iii) fair value is paid for the service; and (iv) the services are not performed during normal working hours.

EXAMPLE:

Q: One of my direct reports is handy with tools and isn't terribly busy at the moment. Can I ask him to repair a leaky kitchen faucet and help frame in a bathroom at my house?

A: No, since the associate reports directly to you, he may feel obligated to do the work for you even if he does not want to do so. In addition, your judgment of his work performance for Toyota may be adversely affected if he refuses to perform the work for you. You should, therefore, avoid creating an awkward and unmanageable working relationship.

- (b) Dealer Negotiated Purchases. Associates must disclose any negotiated price business transaction, e.g., the purchase of a new or used car, with any Toyota, Scion or Lexus dealer. The foregoing restriction does not apply to Toyota approved or sanctioned discount programs such as the associate parts purchase program or to vehicle services at prices available to the public. Disclosures must be made in a timely manner as described in Section III, A below.

EXAMPLE:

Q: I just bought a used Camry from the Toyota dealership near my house. Do I have to disclose that to Toyota?

A: Yes. Negotiated deals with a dealership create a situation in which a dealer could give you a financial benefit not available to members of the public, which may create a sense of obligation toward the dealer and affect your ability to fairly represent Toyota's interests in the future. As a result, this must be disclosed to the Ethics Officer.

- (c) Personal Transactions with Business Partners. Associates may transact personal business with business partners only if: (i) the associate is not in a position of influence with respect to, or involved in, the selection, supervision or evaluation of the business partner; (ii) such transactions are at a fair price; and (iii) in the case of a service, performed during non-working hours. The foregoing restriction does not apply to Toyota approved or sanctioned business partner discount programs such as Barnes & Noble.

EXAMPLE:

Q: I am impressed with the skills of an electrical contractor who has been repairing outlets in my department. Can I have him do some electrical work on my new kitchen? If so, under what circumstances may I do so?

A: You may request the vendor to perform this service for you, provided you are not involved with his relationship with Toyota, and you are not in a position to influence that relationship. You must pay fair value for the job, and it must be done at a time that does not conflict with Toyota's interests.

(d) Employment of Relatives. Associates may not be involved in or have influence over the hiring, supervision, job evaluation, pay or benefits of any close relative, including in-laws.

EXAMPLE:

Q: I am a manager in a department that requires three summer temps. My son is home from college for the summer. May I hire him? If I can't, can I ask another department to hire him?

A: You may not hire your son for the summer temp position in your department. Toyota policy prohibits an associate from reporting to a relative. Your son may apply for other positions within the Company through regular Company procedures, and compete based on his own merit. You should not be involved in influencing the selection process. If he is hired in another department, you should not influence or be involved in any of the personnel decisions related to him. You also should not ask another department to hire your son. Doing so may create a sense of obligation to do so because of your position in the Company or it may create an expectation that you will return the favor in the future. There is also the possibility that other associates will view these actions as unfair or as nepotism.

(e) Retention of Relatives or Friends by Dealers and Business Partners. Associates may not use their position with Toyota to require or pressure a dealer or business partner to hire a relative or friend.

EXAMPLE:

Q: I am a manager-level associate at Headquarters. My wife is self-employed and has developed a unique marketing tool for auto dealers. Can I ask the general managers to suggest that the various TDAs use her as a consultant? The product is really great and would boost dealer sales.

A: It would be inappropriate and a conflict of interest for you to use your position within the Company to influence the general managers to recommend retention of your spouse by the TDAs. Doing so may create a sense of obligation on the general managers to make the recommendation and on the TDAs to retain your spouse based solely on your familial relationship and not on the merits of the proposal. Your spouse may solicit work directly from the TDAs; however, you must disclose this fact to the Ethics Officer to determine if her retention by the TDAs would pose a conflict of interest for you in your position within the Company.

(f) Soliciting Contributions from Dealers and Business Partners. Associates may not request charitable contributions from dealers and business partners for events or causes that are not sponsored, supported or approved by the Company. Associates must obtain approval from the Ethics Officer before soliciting donations from any dealer or business partner.

EXAMPLE:

Q: I am involved in my daughter's softball league. May I ask the local Toyota dealer for \$500 to sponsor a team?

A: Unless Toyota is a sponsor of the league, you may not ask dealers or business partners for contributions. You should not ask a dealer or business partner for money to support programs in which you, but not Toyota, are involved, because it appears that you are using your position at Toyota to obtain the contribution. Even if Toyota sponsors or supports an event or cause, you should disclose and receive approval from the Ethics Officer before soliciting any dealer or business partner for donations.

3. Outside Activities

(a) Competitive Activities. Associates may not have any outside business activity that competes with any of the Company's businesses. Associates must disclose to the Ethics Officer any outside business activity that has the potential to compete with Toyota's interests. Disclosures must be made in a timely manner as described in Section III, A below.

EXAMPLE:

Q: A friend of mine, who has a scientific background, developed a coating for rugs that prevents spots. We want to establish a company to make non-stain floor mats for cars. We think Toyota owners would love these. Can we offer them on the Internet?

A: Toyota sells floor mats for its vehicles. If you sell them to Toyota owners or dealers, your business will compete with Toyota. Once you offer them to the public, they will be available to Toyota owners, and, therefore, compete with the Toyota products. Even trying to limit sales to non-Toyota franchises does not eliminate the chance that you will compete with Toyota, because many Toyota dealers own other franchises. Consequently, you should not participate in this business.

(b) Service on Board of Directors. Associates may not serve on any board of directors of any dealer, business partner or competitor. The foregoing prohibition does not apply to service on the board of directors of any parent or affiliated Toyota companies, charitable groups or foundations or organizations that do not compete with Toyota. Associates must in a timely manner disclose any service or proposed service on the board of directors of any outside organization excluding Toyota affiliates, charitable groups or foundations. Disclosure must be made to the Ethics Officer in a timely manner as described in Section III, A below. The Ethics Officer will determine whether a conflict of interest exists.

(c) Personal Business during Working Hours. Associates may not engage in any activity during working hours of any type that interferes with their job responsibilities.

EXAMPLE:

Q: I have, in my spare time, developed a mail order business for golf equipment. May I set up a mail order hot line on my office computer and take orders during my lunch hour?

A: It would be inappropriate for you to set up a mail order hot line on a Company computer for several reasons. While Toyota's Electronic Communications Policy permits occasional use of computers for personal business, such as an occasional personal e-mail, the Policy does not permit use of computers to conduct ventures of this type. Adding a hot line as you propose may create legal risks for Toyota and may distract you from your workplace responsibilities. You may pursue your business on your own time, including before and after work and during your lunch period, but you may not use Company resources to do so.

Q: I am an avid stock market player. May I use my office computer to trade during working hours?

A: You may use your computer for personal use on a reasonable basis. This would include an occasional stock trade, as well as an occasional personal e-mail (as long as the correspondence is within the Company's Electronic Communications Policy). However, you should not use the Internet for any significant length of time for personal business, nor should you use your computer over considerable periods of time to monitor your stock portfolio.

B. ASSOCIATES SHALL USE COMPANY ASSETS ONLY FOR BUSINESS PURPOSES.

1. Use of Company Assets. Company property, services or assets must be used for business purposes only. Associates may not use Company property, services or assets for the personal benefit of themselves or others unless expressly permitted by Company policy. If there is any doubt as to the appropriateness of use of a Company asset for personal reasons, associates should consult with Human Resources, the Legal Services Group, Internal Audit or the Ethics Officer. By way of example, most policies prohibit any personal use of Company assets, such as P-Cards. Some policies, such as the Electronic Communications Policy, permit limited usage of telephones and computers provided associates comply with the policy requirements.

EXAMPLE:

Q: I have been working long hours and haven't had a chance to buy my daughter's school supplies. I have a P-Card. May I order a set of pens and pencils, and notebooks for her, as long as I repay Toyota at a later date?

A: You may not use Toyota's credit card to make personal purchases, no matter what the reason, even if you plan to repay the amount involved. Use of the P-Card for personal reasons will result in discipline up to and including termination of employment.

Q: My daughter owns an old Corolla whose transmission failed. The car has been out of warranty coverage by Toyota for many years and tens of thousands of miles. The repair is probably not worth doing because of the age and mileage of the vehicle; unless I can get Toyota to pay for it. May I ask a favor from a friend in the Region to pull a few strings to have Toyota pay for the repairs under its goodwill policy?

A: No. It is inappropriate for Toyota associates to use their position or influence within the Company, or to ask others to use their position or influence within the Company (including trading “favors”), to obtain Toyota assets for themselves or others that they otherwise would not be entitled to receive, including payment for repairs under Toyota’s goodwill policy. “Others” include friends, family and relatives and employees of dealerships and business partners.

Toyota has developed a goodwill administration policy specifically for associate requests. All requests for goodwill for associates, their friends or family members must be sent to the policy administrator in Customer Relations who will see that the request is evaluated properly. CR will then determine whether to grant or deny the request. The decision to grant or deny goodwill repairs will be based on criteria established by Customer Relations based on the facts and circumstances present and their decision is final.

2. Disposal of Company Assets. Company property, services and assets must be disposed of pursuant to Company policy. Associates may not buy, sell or dispose of Company assets for the personal benefit of themselves or others unless expressly permitted by Company policy. If there is any doubt as to the appropriateness of the purchase, sale or disposal of a Company asset, associates should consult with Human Resources, the Legal Services Group, Internal Audit or the Ethics Officer.

EXAMPLE:

Q: One of our Fleet customers is returning a large number of units next week. My wife needs a new car, and I would like to buy one of the returned vehicles. My manager says he will let me buy a Camry at the price Toyota has been getting at the recent auctions. Is that okay?

A: No. It is Toyota policy that all vehicle sales to associates are made through Vehicle Services or through programs approved by the Company. It is inappropriate to engage in personal transactions that are not sponsored or approved by the Company. Personal dealings of this sort result in loss of assets to the Company and may create the impression among other associates of favoritism or self-dealing. Complying with approved programs assures that Toyota receives a fair price for its assets and that all associates are treated equally.

Q: My computer is being replaced because it is outdated. I would like to buy it for my young daughter. My manager says the computer is worthless, and is willing to let me have it for \$100. May I buy it?

A: Toyota has a policy on the disposal of old or obsolete equipment. The policy prohibits the sale of used equipment and furniture to associates. The purpose of the policy is to avoid personal self-dealing and fair treatment of all associates.

Q: I work in the Parts Department and have noticed that there are obsolete parts in the storage areas. As these are not being used by Toyota, may I take them?

A: No. Taking obsolete parts without permission is tantamount to theft of Company property. Toyota policy does not permit associates to take obsolete parts or equipment for their personal use for various reasons including but not limited to concerns for vehicle safety and proper environmental disposal.

Q: I am a manager of a Vehicle Distribution Center. A local country club has offered a golf membership in the club in exchange for their use of a Toyota vehicle. I would like to use the membership to reward associates with an occasional round of golf when they exceed performance expectations. May I do so?

A: While the goal you seek to accomplish is laudable, the barter of Company assets, such as Company vehicles, must be approved in advance by an officer of the Company. Since there may be tax and other legal consequences to the Company, the officer should consult with the Legal Services Group and/or the Tax departments before approving any such arrangement.

3. Use of Confidential Information. Associates may not use for their own benefit or that of relatives or friends confidential information that they acquired in the course of their employment with the Company.

EXAMPLE:

Q: I work in the Market Rep Department, where I learned about a dealer who is having difficulty and may be interested in selling. I have a friend who is interested in buying a dealership and think he might be interested in this one. He has experience, and probably could swing the financing. May I tell him about the troubled dealer so he can get in and make an offer before others get wind of this situation?

A: You may not use the confidential information you have learned through your employment with Toyota to benefit your friend.

Q: I heard that Toyota is considering purchasing some property for a storage site. The property has been on the market for some time, and it is

not certain that Toyota will even try to buy it. May I buy it, on the gamble that I can sell it to Toyota for a higher price than I paid?

A: No. You may not use information (even if it is a rumor and not a certainty) obtained through your employment, for personal gain, especially if that gain would be achieved at Toyota's expense.

Q: I found out that Toyota will soon enter into a major contract with a small publicly traded company. I think this could have a major impact on the stock price when the contract is announced. May I buy the stock or tell my friends or relatives about it so they can buy the stock?

A: No. You may not profit from the use of the insider information, and it would be a violation of Toyota policy for you to use this information before it became public. It could also be a violation of the federal law against insider trading (you would be tipping off your friends to non-public, material information that could affect the price of the stock once the information becomes public).

4. **Inappropriate Use of Company Funds.** Associates are forbidden to use, directly or indirectly, corporate funds and assets for any unlawful purpose or to accomplish any unlawful goal. Toyota also prohibits the establishment or maintenance of undisclosed or unrecorded funds and assets. Associates may not establish bank or other cash accounts to be used for Toyota business without approval from the Treasurer of Toyota.

EXAMPLE:

Q: I am in charge of a department that needs additional money to complete a major project. May I arrange with a business partner to create padded or phantom invoices and use the money to establish a bank account that the department can use for appropriate expenses to complete this project?

A: While you may believe that you are acting in the Company's long-term best interest, creating slush funds or separate off-the-books bank accounts are not only improper, they could create liability for the Company, as well as legal problems for the participating vendor and those who receive any payments if they are not properly reported for tax purposes.

- C. OFFERS OF GIFTS, PRIZES, HONORARIA, ENTERTAINMENT, TRAVEL AND LODGING.** The Company recognizes that in certain circumstances it may be appropriate to give or accept business courtesies on occasion as a means of fostering good will with a business contact. However associates should exercise caution when exchanging business courtesies to avoid any implication that unfair or preferential treatment will be granted or received by Toyota associates in their course of dealing on behalf of Toyota. A basic consideration before accepting business courtesies should be that public disclosure would not be embarrassing to Toyota or the recipient. With the foregoing in mind, associates should exercise good judgment before accepting any business courtesies from those with whom Toyota does business and must comply with the approval and disclosure requirements set forth below. Associates should never solicit business courtesies of any kind from any business contact.

1. Gifts, Prizes and Honoraria

(a) **Offers of Cash.** Associates may not accept cash from any business partner, including dealers. Associates must disclose any offers of cash immediately to their supervisor and to the Ethics Officer.

(b) **Gifts Valued at \$100 or Less.** Associates may accept non-cash gifts if nominal (\$100 or less) in value or which are of a commemorative nature (such as a framed wall-hanging, garment, plaque, pen and pencil set, etc.) and that are not given or accepted with the intent of influencing the relationship or transactions between the donor and Toyota. No disclosure is required for receipt of such nominal gifts.

(c) **Gifts Valued Over \$100.** Associates who are offered gifts, prizes or honoraria valued over \$100 must obtain approval for receipt of the gift from the highest level manager in their department, office or facility or as designated by the officer responsible for the associate's work group. For example, the highest level manager in a region or area office is the general manager; in a Parts Distribution Center it is the manager. The manager responsible for approving or disapproving receipt of gifts will consider the factors set forth in Section (e) below to determine whether the associate may accept the gift. If receipt of the gift is approved, the associate must file a disclosure to the Ethics Officer in a timely manner as described in Section III, A below.

(d) **After the Fact Disclosures.** If it is not possible to obtain approval for receipt of a gift in advance, the associate should exercise good judgment in deciding whether to accept the gift. If the gift is accepted, the associate shall, as soon as possible, notify appropriate management and file a disclosure to the Ethics Officer as described in Section III, A below.

(e) **Factors to Consider.** In reviewing whether to allow the associate to accept a gift, prize or honorarium, managers should consider the timing and circumstances of the gift, whether the particular associate frequently receives gifts from vendors, whether the purpose of the gift is to promote good-will and not intended to influence a particular decision, whether the gift could influence the associate as to any decision regarding the donor, whether the gift is customary in the setting in which it is offered, whether the gift is lawful, whether public disclosure of the gift would reflect adversely on the Company, whether the gift is offered

openly and any other factors that are deemed relevant to the particular circumstance.

(f) High Value Gifts. Associates who are offered gifts, prizes or honoraria valued at \$1000 or greater must obtain approval from the highest level manager in their department, office or facility or as designated by the officer responsible for the associate's work group and the officer (GVP or higher) in the associate's division.

EXAMPLE:

Q: Our department has a contract for services with a firm whose business contacts include major sports teams in Los Angeles. As part of the contract, the firm provides tickets to sporting events. The tickets are distributed by Toyota to associates throughout the year. I asked the manager who is responsible for distributing the tickets if I could have tickets to a Dodger game this week. He told me that the Company did not have any more tickets available. May I ask my contact at the firm to provide me with free tickets for my friend and myself?

A: No. Associates should never solicit business favors of any kind from any business contact. While the Company may accept offers of tickets from the firm and distribute them to associates, it is inappropriate for you to solicit tickets for yourself and your friend. By doing so, the business contact may feel compelled to comply with your request or fear losing future business with Toyota. This reflects badly on Toyota and may be disruptive of the relationship with this business partner. Also, if the firm provided tickets to you, it might create a sense of obligation by you towards the firm and prevent you from exercising complete loyalty to Toyota in your future dealings with the firm.

Q: During the holiday season, I receive gift baskets from vendors with whom I do business. The value of some of the baskets may exceed \$100. What should I do?

A: We encourage you to exercise good judgment as to whether you should accept the gift. If the gift basket includes lavish items, it may be best to return the gift basket. If you decide you want to accept the gift, you must obtain approval from the appropriate person in your department. Your management will determine whether you may keep the gift, return it or require you to share it with others in the department. If your management allows you to accept the gift, you must file a disclosure with the Ethics Officer in accordance with Section III, A below. If you share the gift basket with others and the value to you is \$100 or less, no approval or disclosure is required.

Q: I am a Field Traveler. A dealer sent me a bottle of Dom Perignon champagne to thank me for providing good service for his dealership. May I keep the gift? Do I have to report it? Another dealer sent me a \$100 gift certificate to Nordstroms. May I keep that?

A: If the value of the Dom Perignon is \$100 or less, you may keep it and you do not have to file a disclosure. Gifts of cash are inappropriate at any time and must be declined or returned, regardless of the amount. Gifts of cash can be perceived by others (including the giver) as creating a sense of obligation to the dealer and would be likely to affect your actions toward the giver.

Q: One of the business partners I deal with holds an annual golf tournament for its clients and invites me to play as its guest. It awards large cash prizes to the top four teams. May I accept the invitation?

A: Invitations to play in vendor-sponsored golf tournaments must be approved by the appropriate manager in your department (See Section 2 below on Entertainment). Where, as here, the event is for the business partner's clients only, associates may accept prizes and gifts of a nominal value. A gift or prize of nominal value might be a small trophy or plaque, a dozen golf balls or commemorative gift valued at \$100 or less.

Associates must disclose receipt of any awards or prizes exceeding a nominal value to the appropriate person in your department and, if approved, file a disclosure with the Ethics Officer.

Toyota strongly discourages the acceptance or approval of any high value gift or prize. Acceptance of high value gifts or prizes valued at \$1,000 or greater must be disclosed and approved by the appropriate person in your department as well as the officer (GVP or higher) in the associate's department (See Section C, 1 (f) above).

2. Entertainment

Business Courtesies and Meals. Business entertainment is a part of the job of many associates, and is an important element in maintaining good relationships between Toyota and its business partners and dealers. However, entertainment should not be excessive or anything more than occasional as to any one dealer or business partner. Lavish entertainment may create an impression of impropriety and generally should be avoided.

Non-Routine Courtesies. When entertainment is beyond routine working meals, such as when a spouse is invited, or it involves an event (theater, sporting event, round of golf) or an expensive meal (more than \$100 per person), the associate must, when possible, obtain approval in advance from the highest level manager in the associate's department, office or facility or as designated by the officer responsible for the associate's work group. For example, the highest level manager in a region or area

office is the general manager; in a Parts Distribution Center it is the manager. If the associate is approved to attend the event or function, the associate must in a timely manner file a disclosure with the Ethics Officer as described in Section III, A below.

After the Fact Disclosures. If it is not possible to obtain approval in advance, the associate should exercise good judgment in deciding whether to accept the offer of the entertainment. If the offer is accepted, the associate shall, as soon as possible, notify the appropriate manager and file a disclosure form with the Ethics Officer.

Inappropriate Venues. Associates should not participate in or attend any inappropriate entertainment venue, such as strip clubs or facilities or clubs that have policies that are inconsistent with Toyota's diversity philosophy, while on Company business or in the company of employees of Toyota dealers or business partners.

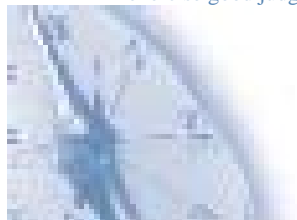
EXAMPLE:

Q: A business partner with whom I regularly negotiate business transactions invited me, my spouse and my two children to attend a Lakers playoff game in his luxury box. Can I go, and if so, must I obtain the prior approval from my management?

A: Because the business courtesy is non-routine (it is of significant value and involves your spouse and children) you will need to obtain the prior approval from the appropriate person in your group who will evaluate whether it is appropriate to accept the offer under the criteria established for gifts in Section 1(e) above. The decision to grant or deny the invitation will depend on the totality of the circumstances. If you are permitted to accept the invitation, you must file a disclosure with the Ethics Officer.

Q: As a district manager, I have been asked by several dealers to play golf at their clubs. One of them suggests that I schedule my monthly visits for Friday mornings so that I can play with him in the afternoon. Is that okay?

A: There are two issues here. A round of golf is not a routine business courtesy. Consequently, you may accept an occasional invitation to play golf with dealers if it is approved by the appropriate person in your department. If approved, you must file a disclosure with the Ethics Officer. However, you should not play every month with one dealer, especially as the dealer's guest. This could create the appearance that you have a favorable bias toward that dealer, which could create problems with other dealers. In addition, while you should try to schedule visits for the mutual convenience of you and your dealers, you should not base your schedule on playing golf or other non-business activities. You need to exercise good judgment.



One of our business partners is in town for several days and has invited my wife and me out to dinner to a local steakhouse. May we go?

This is a non-routine business meal because your spouse was invited to attend. The entertainment may also be lavish if the cost of the meal exceeds \$100 per person. If approved by your management, you may accept the business partner's invitation. You must also file a disclosure with the Ethics Officer.

3. Travel and Lodgings

- (a) As a general rule, associates should not accept travel or lodgings from a dealer or business partner. In those instances where there is an offer of travel and/or lodgings, the associate must receive prior approval from the highest-level manager in the department, office or facility or as designated by the officer responsible for the associate's work group. The manager responsible for reviewing the request will consider the factors set forth in Section 1(e) above to determine whether the associate may accept the offer. If approved, the associate must in a timely manner file a disclosure with the Ethics Officer as described in Section III, A below.

EXAMPLE:

Q: One of our business partners has an annual retreat in a Wisconsin resort to which they invite all of their clients. There are business seminars organized by the business partner, with clients, including me, on the panels. It is a three-day event, with golf, tennis and other entertainment. The business partner has offered to pay for travel, meals and lodging, as well as for any activities. May I go?

A: Even though this trip has a business element and you will participate in a panel discussion, it is primarily a “meet and greet” event for the primary benefit of the business partner. Before accepting this invitation, you will need authorization from the appropriate person in your department or facility. If approved, you may go; however, you must file a disclosure with the Ethics Officer.

Q: I was asked by a dealer to accompany him to a World Series game, flying out in his private jet. My corporate manager, who is responsible for approving such requests, decided that I couldn’t accept the invitation. I know that several associates in my department went to the Super Bowl last year as guests of NBC. Why is it they could go but I couldn’t?

A: The invitation to attend the World Series is lavish entertainment and may be perceived by others, including other dealers, as creating a bias towards the dealer who offered the travel. This would create an uncomfortable business climate for Toyota in its relationship with other dealers and may subject Toyota to claims of favoritism towards this dealer. Acceptance of the offer may also create a sense of obligation toward the dealer and affect your ability to fairly represent Toyota’s interests in future business transactions with the dealer. By comparison, the NBC invitation was given to Toyota, rather than to an individual, as part of the relationship between the two companies. Toyota, not NBC, invited the associates in your department to the Super Bowl. In your case, the invitation was personal, from the dealer to you. Your management felt that, given Toyota’s policy concerning offers of travel and lodging, there was no legitimate business purpose to be served by the dealer’s invitation. Accepting something as extravagant as that could also have an appearance of impropriety.

D. ASSOCIATES SHALL NOT ENGAGE IN FRAUD AGAINST THE COMPANY

1. Associates shall not engage in any fraudulent activity, such as falsifying the books and records of the Company or submitting false expense accounts.

EXAMPLE:

Q: I am responsible for ordering sundry items as awards for dealership salesperson incentive programs. I was instructed by my manager to purchase 25 plasma flat screen monitors valued at \$5,000 each for an incentive program next month. In reviewing the incentive program, I noticed that we plan to award only 22 plasma screens to salespersons. When I asked my manager about this, he told me not to worry about it, that I would not get into trouble for ordering the three extra sets and he instructed me not to discuss this with anyone. He explained that he will use one of the plasma screens as a door prize at our annual holiday party in December and that I may win the sets for myself. He also said that one of the sets will be placed in the associate break room and one will be for his personal use at home. Is this OK? Will I get in trouble for this? I am worried that I will lose my job if he finds out I talked to anyone about this.

A: The purchase of three extra plasma screens in the manner you described is fraudulent activity and is unacceptable. It is wrong to engage in deceptive practices of this sort even if the monitors were to be used exclusively for legitimate business purposes. It is wrong because the monitors were acquired by use of deception to prevent detection by auditors and others in the Company. You have an obligation to report this conduct. You may report the conduct through various channels, including senior management, the Human Resources Department, the Legal Services Group, Internal Audit or the Ethics Officer. Reporting this type of activity allows the Company to conduct a prompt investigation and to take appropriate action. If you do not report the fraudulent activity, you could be disciplined for failing to do so. You will not lose your job for reporting suspected wrongdoing. Company policy prohibits discrimination or retaliation against any person who reports a suspected violation of this policy.

Q: I traveled out of town on Monday morning and returned on Wednesday morning at 9:00 a.m. I went home and rested because I was tired and did not work or return to the office. After I arrived home I went out to lunch at 1:00 p.m. at a local restaurant. A week later I submitted my expense report for meals I had during the trip including the lunch on Wednesday because I figured I deserved it after an exhausting trip. Was this OK?

A: No. Since you were no longer on the trip and had returned home, you should not have requested reimbursement for the lunch expense on Wednesday. Even though you paid for the lunch, it was not reimbursable under Toyota policy. Submitting a claim for reimbursement for this meal is wrong and would subject you to disciplinary action up to and including termination of employment.

III. ETHICS ADMINISTRATION AND PROCEDURE

A. DISCLOSURE REQUIREMENTS

1 **Disclosure of Potential Conflicts of Interest.** The requirement to disclose potential conflicts of interest to the Ethics Officer is to help ensure that associates do not compromise their ability to fairly represent Toyota’s interests in dealings with dealers, vendors and suppliers. Disclosure of potential conflicts of interest allows the Company to investigate the facts and circumstances surrounding the proposed activity or relationship and to determine whether the activity or relationship should or should not be allowed to exist or proceed. It is imperative that associates disclose potential conflicts of interest as soon as possible, preferably within ten days of learning of the potential conflict. Disclosures must be made on electronic forms, available on Toyota Vision

(search keyword: “ethics”), which will be routed automatically to the Ethics Officer and the associate’s management. At the conclusion of its review, the Ethics Officer will advise the associate of the Company’s decision.

2 Disclosure of Receipt of Gifts, Entertainment, Travel and Lodgings. The requirement to disclose the receipt and approval of gifts, entertainment, travel and lodgings is to ensure transparency of such activities at all levels within the Company. The Ethics Officer will from time to time evaluate the information and report findings to the Audit Committee and executive management as needed. The Ethics Officer may conduct investigations into any reported disclosures and determine whether any further action is required. It is imperative that associates disclose the receipt and approval of gifts, entertainment, travel and lodgings as soon as possible, preferably within ten days of approval. Disclosures must be made on electronic forms, available on Toyota Vision, which will be routed automatically to the Ethics Officer and the associate’s management. Offers of cash and cash equivalents are not acceptable under any circumstances and must be reported immediately to your supervisor and the Ethics Officer.

3 Failure to Make Disclosures. Failure to make any required disclosure or to make it in a timely manner may be grounds for discipline up to and including termination of employment.

B. GUIDANCE ABOUT AND REPORT OF LEGAL OR ETHICAL CONCERNS

1 Obtaining Information. Associates may obtain guidance concerning ethical issues, TMS policy, or concerns by sending their questions to the Ethics Officer via a special Lotus Notes mailbox (E-mail address: “Ethics Officer”).

2 Associate Obligations. It is the obligation of every associate to promptly report what he or she reasonably believes to be a violation of law, of this or any other Company policy.

3 Where to Report. Associates should report the information to their immediate supervisor or any manager in their department. If associates believe that management in their department may be involved in the suspected activity, they should report it to the Toyota Concern Line.

The Toyota Concern Line is a resource for associates to report potentially illegal or unethical matters. This phone and internet-based reporting system is administered by an independent third party, and it is available 24 hours a day, seven days a week, to report matters such as:

- General inquiries about workplace events or situations that are of concern to you
- Advice on how to handle a situation
- Violations of our Ethics and Conflicts of Interest Policy or Code of Conduct

Associates who have a concern to report may call the Toyota Concern Line at 1-800-963-6401 or reference the web site at www.toyota.ethicspoint.com. In addition to the Concern Line, Toyota currently has several other resources that you may consider if you feel comfortable doing so:

- Talk to your supervisor or manager
- Contact your Human Resources Consultant (HRC)
- Direct your concern(s) to the Internal Audit Department or the Ethics Office by e-mail at ethics_officer@toyota.com
- For more information, please refer to the Toyota Concern Line Policy or the Toyota Concern Line FAQs on the Toyota Concern Line or Human Resources web sites on Toyota Vision.

We want all associates to be proud of their work and of being a member of our team. All associates should end every day knowing that they have done their part to earn and maintain Toyota’s reputation for high ethical standards.

4 Confidentiality. Confidentiality regarding the reporting and investigation of alleged violations is essential for many reasons, especially during the conduct of the investigation. Associates should, therefore, refrain from discussing any allegation of misconduct or information regarding an investigation of alleged misconduct with anyone without a business need to know, including other associates, friends and family members. Reports of suspected violations will be kept confidential to the extent possible consistent with Toyota’s need to conduct a prompt and thorough investigation. Associate concerns will be seriously addressed.

5 No Retaliation. Toyota does not tolerate any retaliation or retribution against associates who in good faith report concerns or potential violations of Company policy. Associates who believe they have been retaliated against should promptly contact the Human Resources Department. It is against Company policy for anyone to discharge, demote, suspend, threaten, harass or in any other manner discriminate against an associate in the terms and conditions of employment because of any lawful act of the associate to provide information, cause information to be provided, or otherwise assist in an investigation regarding any conduct which the associate reasonably and in good faith believes constitutes a violation of this or any other Company policy or a suspected violation of law.

C. ETHICS OFFICER

1 Ethics Officer. The Executive Committee will appoint an Ethics Officer to administer this policy. The Ethics Officer will be responsible for developing programs and policies, including ethics training, and to advise associates and management on how to interpret and apply Company standards.

2 Annual Certification. Under the supervision of the Ethics Officer, all associates will be required annually to via eLAW that they have read, understood, and will abide by Toyota’s Ethics and Conflict of Interest Policy.

3 Investigations. The Ethics Officer, in consultation with representatives from the Human Resources Department, Internal Audit, Security and the Legal Services Group will determine whether an investigation of a suspected violation of this policy is necessary and who should conduct the investigation. Associates at all levels are required to lend full cooperation to the investigator(s). Failure to cooperate in any investigation or making false statements may be grounds for discipline up to and including termination of employment.

IV. PENALTIES FOR VIOLATIONS

Toyota takes misconduct seriously and will not tolerate behavior that violates Company policy or the law. Accordingly, associates who engage in unethical or illegal conduct will be subject to disciplinary action, up to and including termination of employment.

V. AT-WILL EMPLOYMENT STATUS

Nothing in this policy alters the at-will employment status of any associate, nor should any provisions of this policy be interpreted or deemed to alter the at-will employment status of any associate, which may be changed only by a writing that explicitly alters the individual associate's at-will status and is signed by the President, Executive Vice President, or Senior Vice President of Toyota.

APPENDIX A

GIFTS/PRIZES/HONORARIA

TYPE/AMOUNT

Offer of cash

Non-cash gifts of \$100 or less

Non-cash gifts \$100 or more

Non-cash gifts of \$1,000 or more

ACTION REQUIRED

May not be accepted but must be disclosed to your supervisor and the Ethics Officer

Associate decides whether to accept. No approval or disclosure is required.

Obtain approval from appropriate manager. If approved, file electronic disclosure form. If prior approval is not possible, notify appropriate manager and file disclosure form as soon as possible.

Additional approval required from officer or GVP-level of management from your division

ENTERTAINMENT

TYPE/VALUE

Routine, moderately priced business meals

Any meals or events which include family or friends; lavish meals (over \$100 per person) or events such as golf, sporting events, theater.

ACTION REQUIRED BY ASSOCIATE

None.

Obtain approval from appropriate manager. If approved, file electronic disclosure. If prior approval is not possible, notify appropriate manager and file electronic disclosure form as soon as possible.

TRANSPORTATION OR LODGING

TYPE

Any transportation or lodging paid by a dealer, vendor or supplier

ACTION REQUIRED BY ASSOCIATE

Obtain prior approval in writing from appropriate manager and file electronic disclosure form.

CONFLICTS OF INTEREST

TYPE

- Ownership interests in dealers
- Ownership interests in business partners
- Consulting or employment relationships with dealers or business partners
- Activities that may compete or interfere with Toyota's business
- Service on boards of directors of other companies
- Negotiated price transactions with dealers

- Family, close relatives and household members doing business with Toyota

ACTION REQUIRED BY ASSOCIATE

File electronic disclosure form and obtain determination from the Ethics Officer.

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