

To Say Something About That – In Conversation with Kevin Butt, Former Group Manager of TMNA Environmental Sustainability

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Over the past 34 years, Kevin Butt has built out a team focused on integrating environmental sustainability into the production, service and operations at Toyota in North America. As Kevin is known to say, “Let me say this about that,” and the Toyota Comms team did just that. The following QA is an excerpt from the conversation about Kevin’s time at Toyota, the growth of the Environmental team to develop more complex solutions, and his challenge for Toyota to continue this work as the company plans for the next five years of the Environmental Action Plan. Each mid-term and short-term milestone have been established to point the company toward the long-term [Toyota 2050 Environmental Challenge](#).

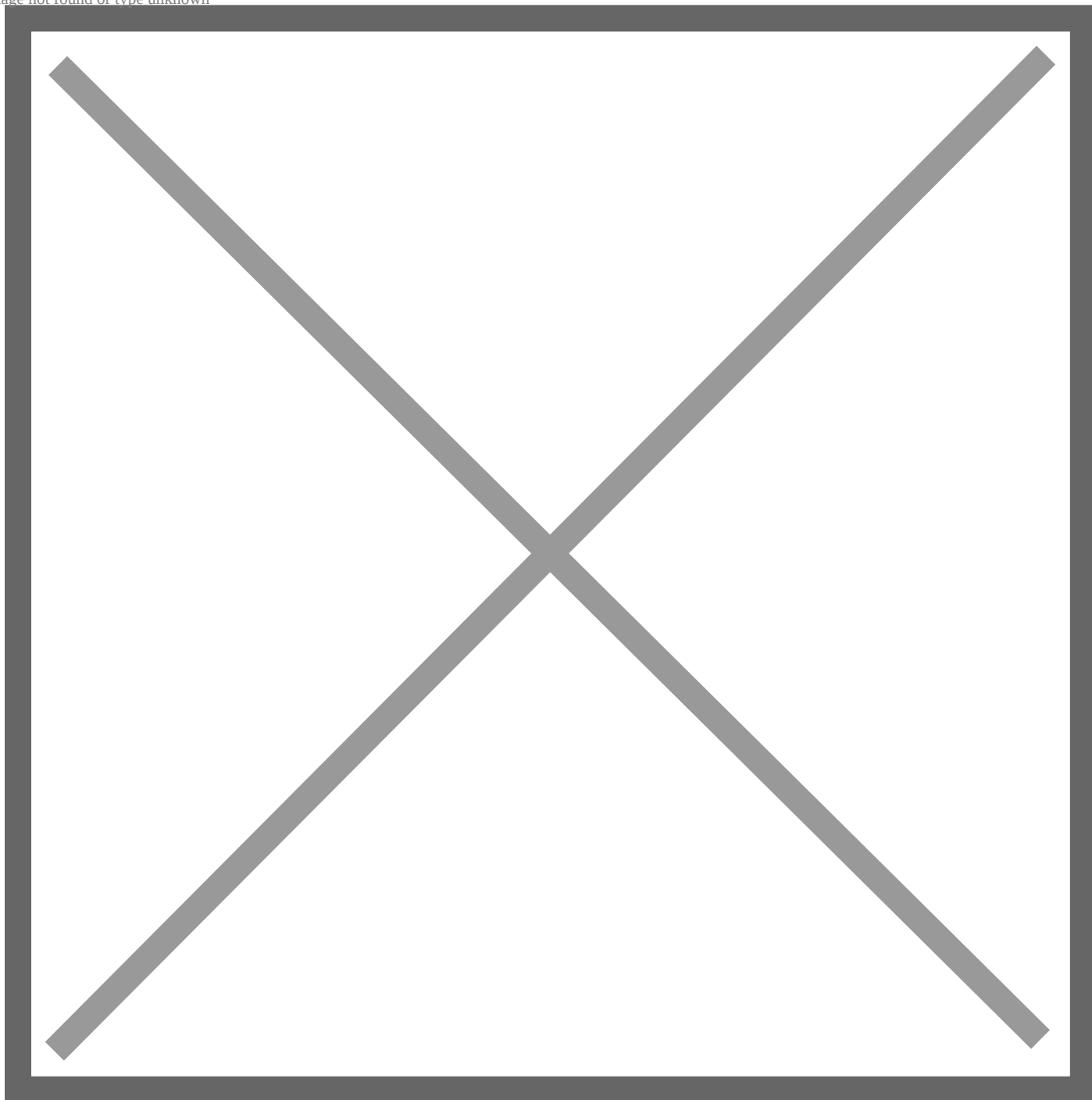
Please watch the video below to hear Kevin Butt’s departing words.

Q: Where does environmental sustainability stand at Toyota today, versus where you started?

Kevin Butt: It’s been an interesting journey. I was hired to start the first corporate environmental group for Toyota. At that time, we were worried about permits and environmental compliance. We were at the bare beginning of trying to create what we would come to know as a sustainable company and a good environmental steward. We’ve grown a lot since then.

We’ve grown into having enterprise-wide environmental sustainability meetings. In the beginning when I started those meetings, I could get maybe four or five people together. Now people are asking to come to those meetings, and we have anywhere from 50 to 65 people in a quarterly meeting – all energized in trying to support the efforts that we’re trying to do in sustainability. That’s a huge change.

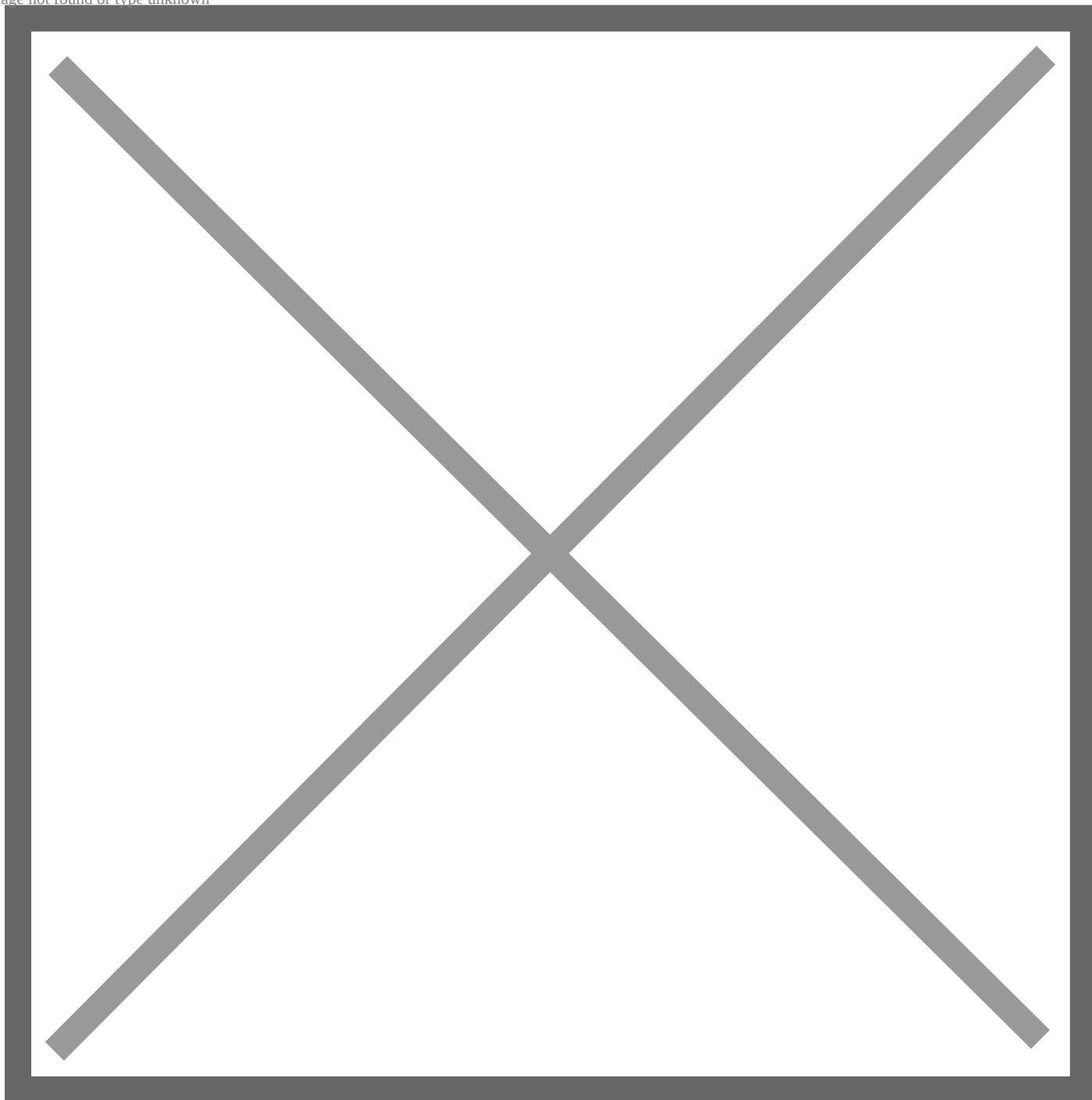
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Q: As you prepare to step down, what's your overall thought about the state of sustainability programs and how healthy they are?

KB: We're in the final stages of framing the eighth environmental action plan for the next five years. We're in a position now that we're thinking about these five years more critically than we may have in the past. Before, we would set targets and we'd achieve those targets, but now the amount of complexity, the amount of involvement across the enterprise, has grown so much that takes a lot more thought. It takes much more collaboration within the organization to be able to get where we need to be.

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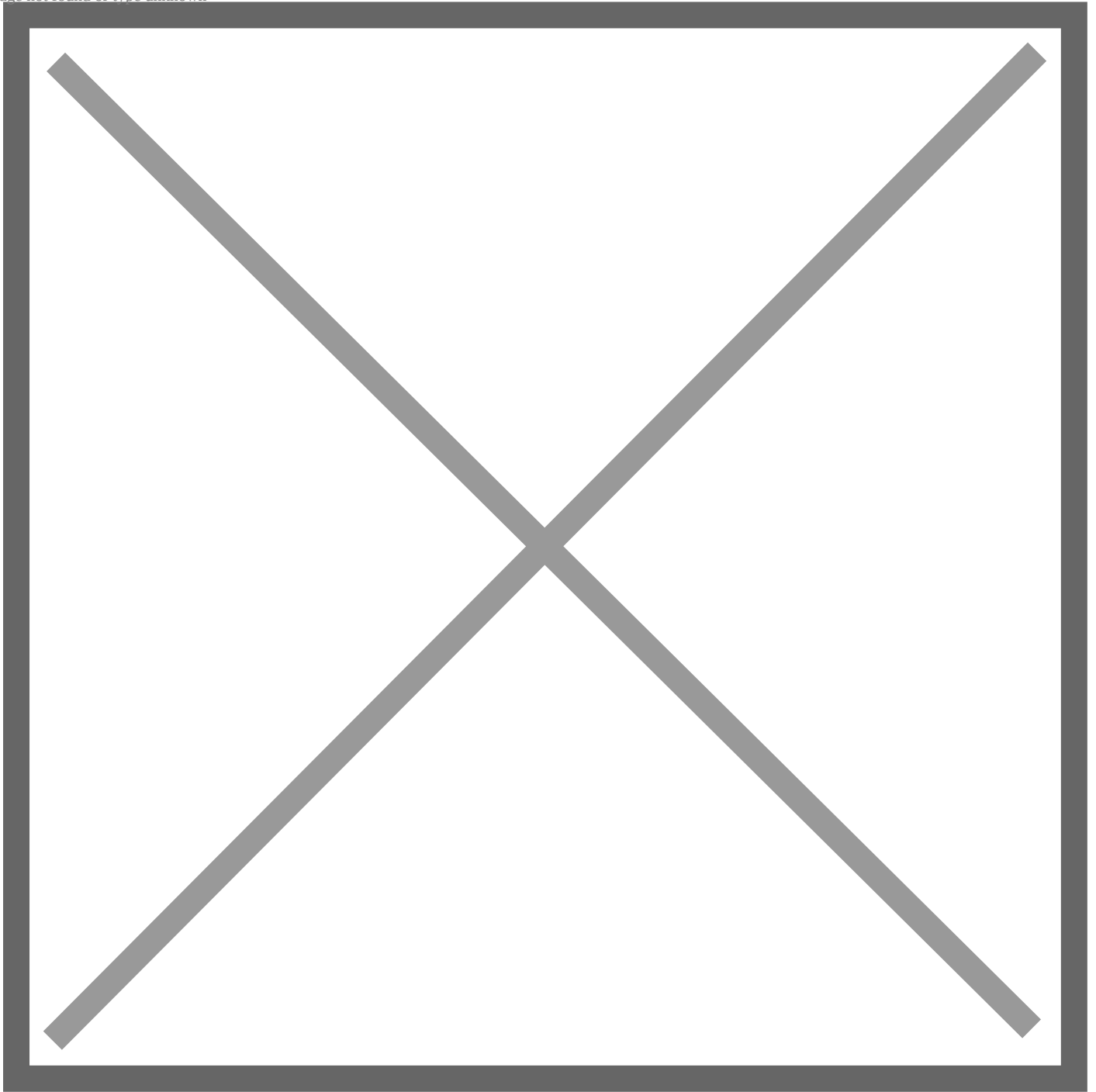


Q: You deal with a lot of metrics. Which numbers do you look at when you are trying to figure out how well the company is doing?

KB: Any metric has to have great quality data behind it. I really focus on how we develop the right the data, because we're making business decisions based on the data. We have a carbon neutral target. So, we watch electric meters a lot. We watch water meters. We watch waste generation, the waste going out. We also look at all the things that we're doing in the biodiversity space, all those metrics.

There are four areas that we focus on: carbon, water, circular economy and biodiversity. I watch all of that and continuously look for change. What we're doing as a company might impact any one of those areas.

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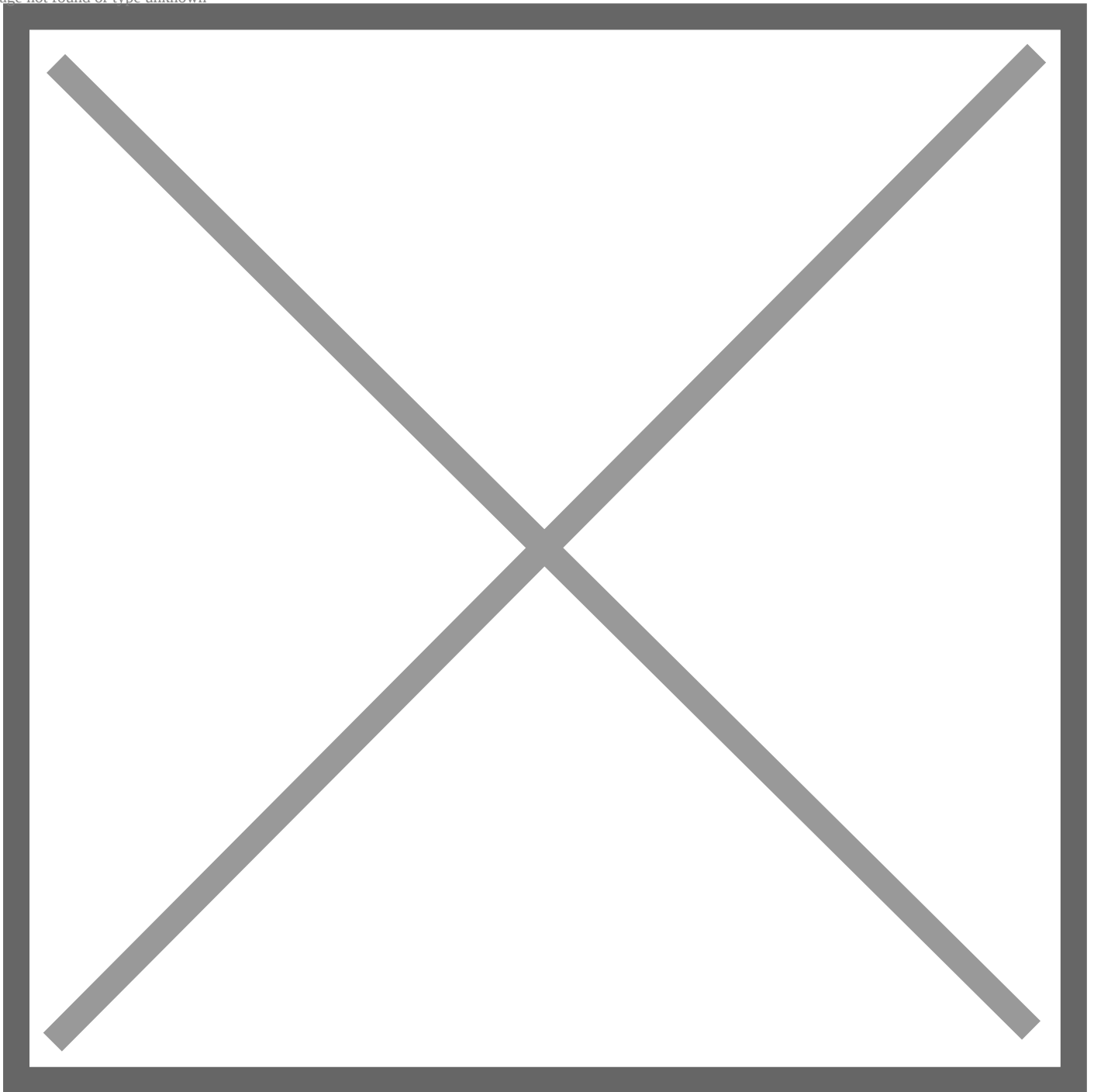
Q: Carbon is one of your four focus areas. Toyota has a stated goal of electrifying its fleet. It has already met its 2025 target in 2024. But, with your portfolio, is there a carbon metric that stands above all the other ones?

KB: We have a target to be carbon neutral by 2035 in all of our operations. We're actually on track to meet that early, but I continuously watch where we are, how much consumption we actually have. We balance that with the amount of renewable power we are working to develop. Those two numbers have to match.

Everybody talks about sustainability being a cost center. The thinking is if we're going to be environmentally sound and sustainable, we're going to impact the bottom line. That's not true at Toyota. We have actually created a profit center. We bring money into the company as we move toward carbon neutrality because of virtual power purchase agreements. That's a huge change. It's rewarding to be able to say, hey, we're making money.

We've been able to move beyond environmental compliance. We're thinking about the longer vision of what sustainability really is. I firmly believe the companies that embrace sustainability become profitable because sustainability adds to their profitability. We all know that we have a finite set of resources we need to manage. As a manufacturing company — a car manufacturing company — we need to be able to recycle our content over and over and over again into the finished product, and then we'll become sustainable. That's what will keep this company viable in the long term.

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Q: How did Tri-gen, the hydrogen generating plant at the Port of Long Beach, come about? Toyota had never done anything like that before. What did it take to get people to understand why a car company should do something like this to create a hydrogen generating facility at a port?

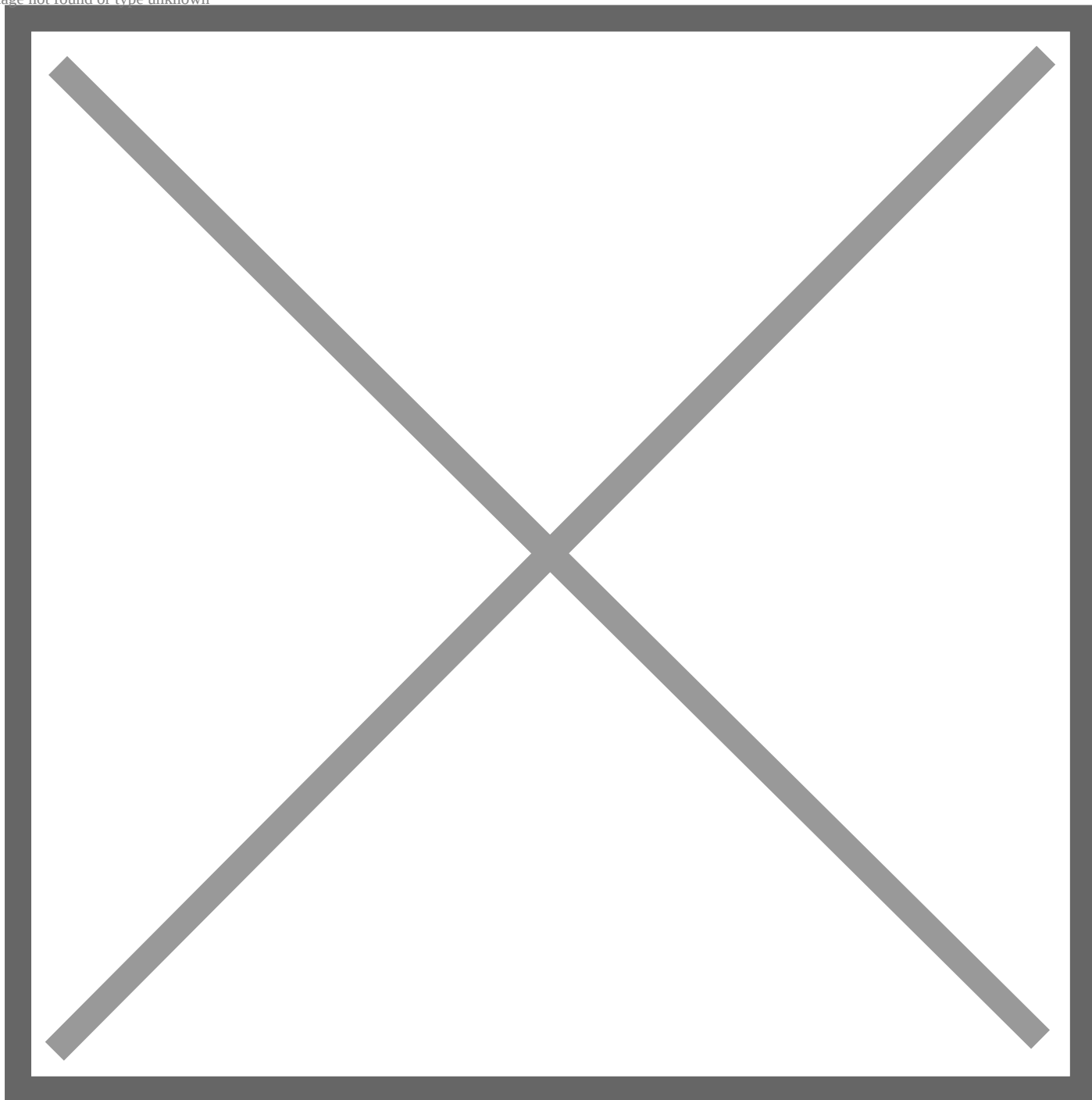
KB: We're a company that's kind of fixed in our ways sometimes. If you try to break out of that envelope and be a little more innovative, it can be tough. I learned that through good data — understanding the project, being able to develop and prove out lot of the theory before we started — I was able to get people to listen. Sometimes it takes a while, longer than you ever would have hoped. But we are a company that will allow an innovative

thought process, and this resulted in something very positive for the company.

We were coming up on a renewal of the lease of that property from the Port of Long Beach. The port had its own environmental goals and requirements, which gave us a leg up to come in with this innovative idea to reduce the environmental footprint of our operations on the site. On top of that, it improved the environmental conditions of trucks that are running in and out of the port. All the benefits this project provided helped to get it across the finish line.

But nobody had ever worked on a project like this. That unknown factor that scared everyone. At the end of the day, fuel cells were an improvement technology. It would provide all the energy Toyota needed at the site. We were going to get water to use in the car wash. And then, we would get all the hydrogen needed for our Toyota Mirai, as well as all our fuel-cell trucks at the port. FuelCell Energy offered a complete package, and that's what we were looking for.

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Q: You've said that carbon neutrality in manufacturing is one of the things you're most proud of. How did that come about?

KB: We feel good about achieving our carbon neutrality goal in all manufacturing and all operations while creating a profit for Toyota. That was one of the biggest challenges I ever faced here. We were trying to convince folks that that's what we need to do in order to meet our challenge, but also to be able to do it in a profitable way. Nobody believed us, and then the profits started coming in.

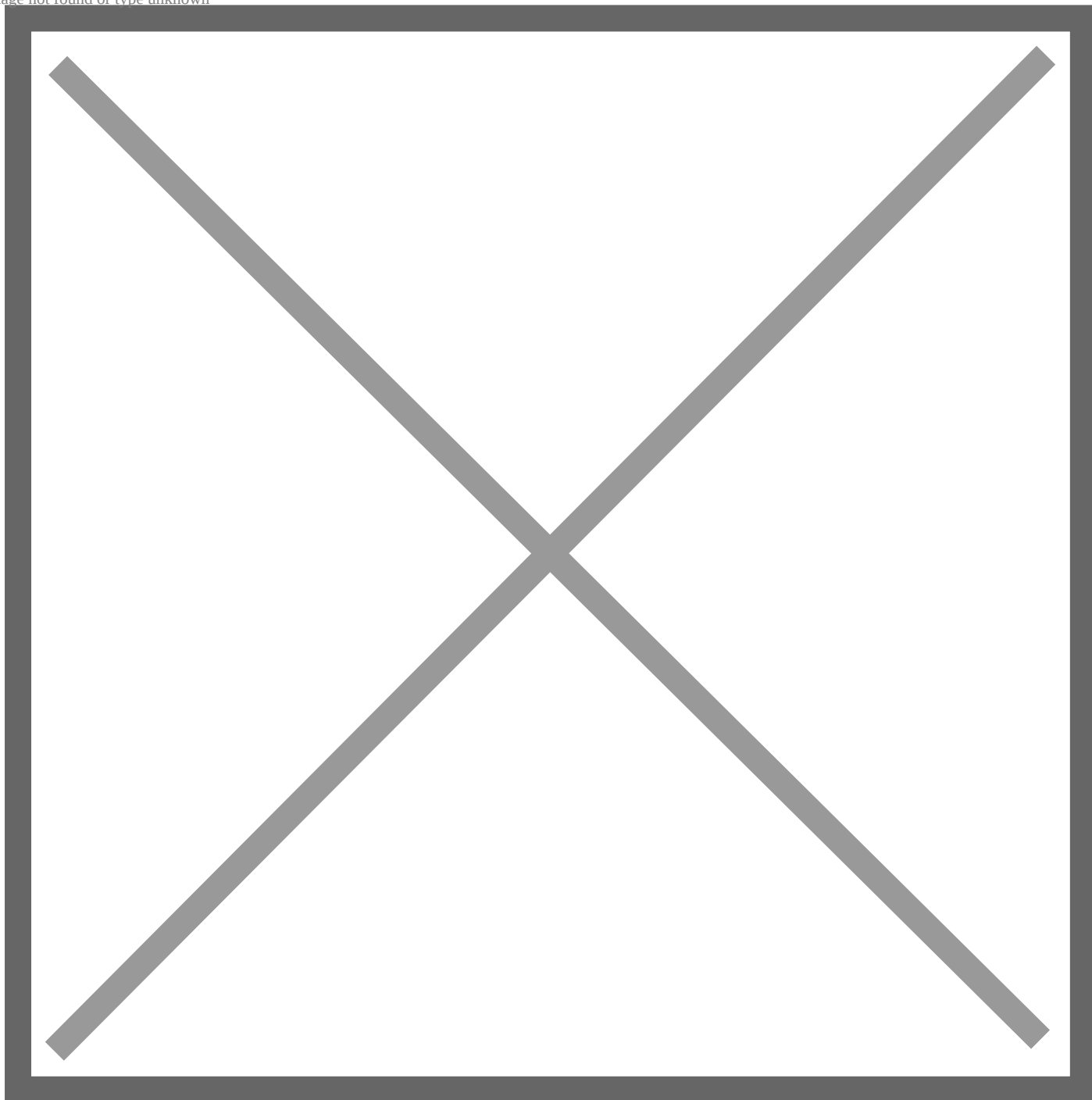
Toyota is a business. Everything we try to do in sustainability needs to match some type of business situation. Sometimes, you do something that's a little different. But you always have to ask, how do we support the business becoming more sustainable so that we're still here in the long term?

I was in the academic world for a while. Then, I was in a steel mill where I really saw a lot of change, a lot of economic impacts. And when I came to Toyota, I brought a strong fiscal responsibility that was ingrained in me from the steel mill, where we were always broke. At Toyota, I had the opportunity to match the idea of fiscal responsibility with a long-term sustainability plan.

Q: A big change on your team is that it's now sustainable as a business, not just sustainable environmentalism.

KB: Exactly. You hit on something there. I'm a conservationist. To me, sustainability is about conservation. I'm not that guy that's going to chain myself in front of a big tree in front of the bulldozer. I'm not that. I'm not an environmentalist or an environmental activist. But I'm trying to ingrain environmental sustainability process into the business making decisions. That's how we become more sustainable.

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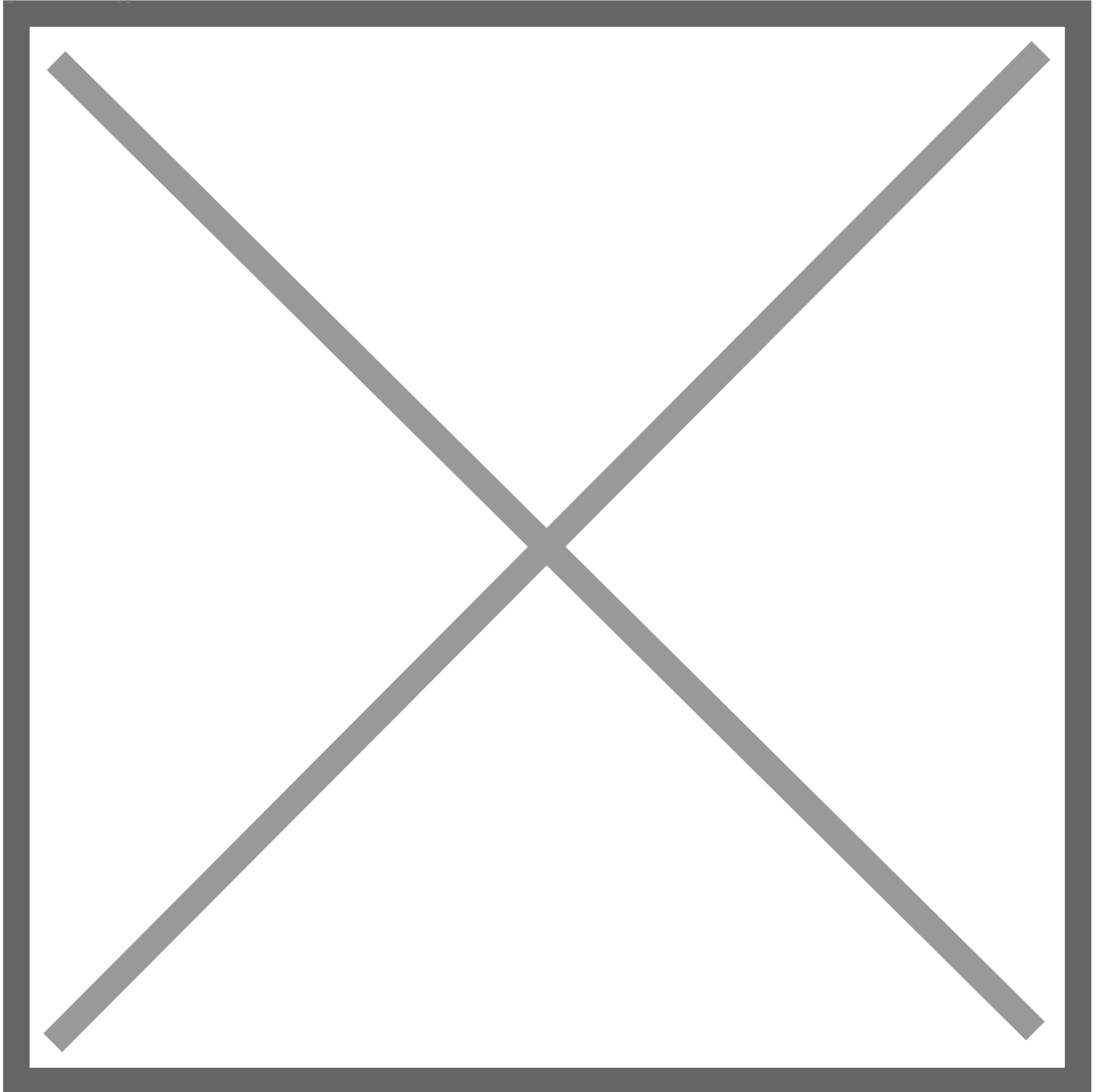
Q: Toyota has worked with the environmentalist pioneer Jane Goodall through the Roots & Shoots program. What does this project say about how Toyota works with stakeholders?

KB: One of the things that I am also most proud of is our education and outreach. Not only to our own employees but going outside the company on things like a community park or the Gulf Coast islands. How do we educate people through programs like Roots & Shoots? We're working with the youth trying to instill sustainability practices at an early age. Those are the kind of things that we as a company — as large as we are — need to do to contribute to society. That's why I worked with the World Wildlife Fund in Northern Great

Plains. That's why we did projects around all of our plants. Those are the things that this company also should participate in in order to make a difference. With Jane Goodall, that was just a great example of contributing, bringing Roots & Shoots to North America and spreading it across the country.

Another good example is Yellowstone National Park. We put in an energy storage system using old Camry hybrid batteries. It took Lamar Buffalo Ranch off of propane and diesel. We proved a point that that you could actually use hybrid batteries for energy storage, and it provided a great benefit to the Yellowstone National Park.

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Q: As you get ready to leave, you're leaving a team in place to carry on the work. What do they need to know to be able to succeed?

KB: Well, they are a great team. They are hand-picked. I hired every one of them, and I couldn't be happier with them and the progress they've made. I guess the words of wisdom are, know when to stand the ground. You have to know when to try to push that innovation in order to get it past the big hurdle. Because that's the way progress is made.

Q: How do they know when the issue is one that they should fight or when to move on?

KB: That's one thing that I've given them. They've been able to see that over time. It's all about the networking, working hard, knowing what's going on behind the scenes. There was a "no," but was it really a "no?" You have to dig deeper to be able to find out about the real reason people are saying no. A lot of times that's the easy answer. Maybe you are told no by somebody who didn't want to take the effort to really understand what you were talking about. Or maybe you weren't talking about it in the right way. So you continue to really work behind the scenes, and then you'll know when no is just a safe answer. It's not easy.

I'm just stubborn enough. Sometimes I said, wait a minute, I know what I'm talking about here, and it's my fault that I haven't made you understand. My bad, I didn't explain it well enough. How can I help you? You have to be humble enough to know.

It's always about education. Education with good data, education. It's got to be pretty clear. They are doing their own thing over there. You've got to be able to show them the value to this beyond their day-to-day-viewpoint. It's bigger than that.

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