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COMPLETION ACCOUNTING REPORT FOR TAKATA RECALLS

Owner Refusal, Nonresponsiveness, or Failure to Receive Notification

In accordance with the December 22, 2020 instructions from NHTSA, Toyota is submitting this report to account for vehicles in the Takata recalls whose current owner has affirmatively refused the remedy or has not responded to outreach. The information in this report is current as of April 7, 2021. The Agency's instructions are repeated below, followed by Toyota's responses.

As discussed with the agency, Toyota amended this report on March 25, 2022. The amendment is highlighted, below.

If you believe it is appropriate to account for affected vehicles where the current owners affirmatively refuse the remedy or do not respond to outreach, please submit to NHTSA your approach for doing so, which must include:

- a. **An explanation of the outreach such current owners will have received. This includes volume, cadence, and type, and any associated data in support.**

For each VIN for which the owner has been non-responsive:

- The vehicle is at least 5 years old from its production date.
- Monitor recommendations for outreach cadence (approximately once per month) and escalation have been followed.
- Owner data has been refreshed monthly.
- At least 20 outreach attempts, including first class mail, email and telephone when available, and other outreach strategies, have been employed.

Toyota has determined that 75% of owners who decide to get their vehicle repaired, do so within the first 20 outreach attempts after the first letter required by Part 577 (see Attachment 1 – Outreach attempts histogram). The success rate of converting the remaining 25% is very low compared to the volume of outreach that is being sent. We believe that the owners who are not

responsive to outreach after 20 attempts are unlikely to respond with repeated monthly outreach, and it is more appropriate to conduct regular but less frequent notifications with these owners.

Written outreach letters and emails have been provided to NHTSA and the Takata monitor as they have been prepared. Telephone contact scripts have also been provided. More specific information about the type of outreach, escalation strategies, and the involvement of the SSA, is contained in the Quarterly Supplement Reports submitted in accordance with Paragraph 37 of the Amended Coordinated Remedy Order of December 9, 2016.

In all cases, our outreach communications clearly state the safety risk and the potential for injury or death in simple language, we emphasize in multiple places that the remedy is free, and where possible, we include offers of convenience services such as loaner vehicles, towing service, or pickup and delivery.

We have attached several examples of outreach materials for your reference as follows:

- Attachment 2 – Outreach Examples mail and email
- Attachment 3 – Inbound Phone Script
- Attachment 4 – Outbound Phone Script

b. An explanation of how you will confirm that the current owners will have received the outreach that was sent, including an explanation of the specific data sources that were used.

For the vehicles covered by this Completion Accounting Report, Toyota sent a U.S. Postal Service certified mailing for each VIN covered by this request to the owner of record for each VIN. Certified mail requires the postal service to locate the recipient of the mail and obtain a signature before delivery. If the recipient cannot be found, the mail will not be delivered. The process also involves electronic tracking so the sender can identify whether a letter has been delivered. Our owner information also goes through a data cleansing process prior to sending the certified mail to maximize the opportunity for the mailing to reach the current vehicle owner. For more details on this process, refer to Attachment 5 – Certified Mail Process.

Toyota can confirm that its 20 or more outreach communications were being directed to the same house hold for which the certified mail was signed. This leads us to conclude that one of the following scenarios is occurring:

1. The signer of the certified mail is the owner of the vehicle, is receiving our 20 or more outreach communications, and has decided not to present the vehicle for remedy, or;
2. The signer of the certified mail is receiving our 20 or more outreach communications, is no longer the current owner of the vehicle, but has not advised us of this status change. In addition, a new registration has not appeared in a state DMV, nor does information exist to indicate a scrapped, stolen, or exported status.

In either case, continued outreach to the same owner and address is not expected to result in a remedy that yields the desired safety benefit.

For those owners who have affirmatively refused the remedy and/or have requested that they not be contacted further, they have, of course, received the communication by telephone, email, or mail and are responding to it. See response to d., below.

- c. **An explanation of how much outreach will continue to the current owners, including volume, cadence, and type, and why that level of outreach is reasonable. While this may be less than monthly, outreach should not cease entirely.**

For owners who are unresponsive to outreach or affirmatively refused the remedy:

- A mailing of the type then being used for outreach will be sent to the owner once per year unless ownership changes. Once-per-year contact will serve the purpose of reminding the owner that the recall is still open on their vehicle and that Toyota is ready to provide the free remedy when they are ready to present the vehicle. Additional outreach attempts are unlikely to result in a remedy that yields the intended safety benefit.
- If ownership change is identified, the new owner will be introduced into the normal outreach program for these recalls, unless the vehicle can otherwise be accounted for in another category (i.e., scrapped, stolen, exported, other).

- d. **A description of the types of situations involving affirmative refusals (if applicable) for which you would account, including a description of supporting documentation or photographic evidence you intend to gather in support.**

For those owners who affirmatively refused to obtain the remedy and/or asked not to be contacted further, this was based on the telephone, email, or mail requests from owners:

- *Requested by Phone*
 - Toyota prepared a custom script for owners who are refusing service and/or asking not to be contacted further (refer to Attachment 3 and 4).
 - Using this script, call center agents are instructed to emphasize the risk of injury or death and provides statistics (e.g., now 19 deaths and more than 250 alleged injuries).
 - Owners are reminded that the repair is free and convenience services, such as free loaner vehicles, can be provided.
 - Owners are requested to confirm they understand these points.
 - Calls are recorded and the information retained.
- *Requested by Email or Mail*
 - Owners' written requests, including copies of any emails or letters sent to Toyota, are maintained.

- e. **The number of vehicles for which you would intend to account as of the date of your submission, if any (report non-responsive and affirmative-refusal counts separately).**

Toyota intends to account for 137,866 vehicles of owners who are non-responsive and 16,753 vehicles of owners who have affirmatively refused the remedy in this report. Upon request, Toyota can provide a VIN list for each category with additional relevant information.

f. **An explanation of how VINs accounted for in this manner will be monitored for an ownership change (which should occur at least quarterly). As with other categories, change in ownership must re-disposition the vehicle into the unrepaired population (unless the vehicle can be accounted for in another category).**

- Even after the VINs are accounted for, Toyota plans to continue monitoring those VINs and repair the vehicles where possible. All VINs will remain open to receive the recall remedy and will appear with an open recall in any VIN search conducted on Toyota's recall website, NHTSA's VIN lookup tool, or through any other partnerships in which Toyota's recall information is used.
- Toyota will obtain updated ownership data and check for any ownership change at least four times per year for three years, which represents the maximum vehicle registration interval for any U.S. state. The rate of ownership change is relatively low based on a review of the owner information Toyota was able to obtain each month since November 2020, averaging approximately 8% per quarter during this period. A quarterly refresh of owner information is appropriate based on this relatively low average rate of change in the ownership data each quarter.

g. **An affirmation that all underlying records will be documented and subject to audit by NHTSA.**

Toyota affirms that all underlying records will be documented and subject to audit by NHTSA.

h. **Any additional information in support of your proposed approach to accounting.**

Toyota believes that the information in this submission, together with the more detailed information in the relevant sections of its Paragraph 37 Quarterly Reports, is complete. We will be happy to provide additional information or explanation to the Agency, as necessary.

In addition to accounting for Owner Refusal or Nonresponsiveness, Toyota is submitting this report to account for those vehicles where notification has been attempted but for which the notice was returned as undeliverable. §573.7(b)(5) provides:

(b) Each report **shall include** the following information identified by and in the order of the subparagraph headings of this paragraph.

.....

(5) The number of vehicles or items of equipment determined to be unreachable for inspection due to export, theft, scrapping, **failure to receive notification**, or other reasons (specify). The number of vehicles or items or equipment in each category shall be specified.

Such reporting of undeliverable notices typically is accounted for by removing these from the denominator of the completion rate calculation. Due to the unusual nature of the Takata

recalls, this accounting has not occurred.

Toyota recognizes that it would not be appropriate in this case to account for undeliverable mail based solely on the return of an undelivered Part 577 initial letter. However, Toyota has made multiple attempts to reach owners of some vehicles, and continuing to send notices to addresses known to be undeliverable diverts resources away from contacts to owners who can be reached. The certified mailing process described previously results in returned mail when the notice cannot be delivered and signed for. The owner/address goes through an enhanced process as described in Attachment 5 before the certified notice is sent. Thus, the undeliverable notice is significantly different and quite robust when compared with the typical reporting under §573.7(b)(5) for most recalls.

Based on this returned certified mail process, Toyota intends to account for 39,787 vehicles in this report for which notices have been returned as undeliverable through at least one certified mailing. Upon request, Toyota can provide a VIN list with additional relevant information.

Toyota does not intend to conduct further outreach to these VINs unless a change in ownership is identified. The monitoring process for ownership change will be the same as outlined in section f.