Sustainable Purchasing Guidelines

Toyota Motor Europe

Version 2016

TOYOTA

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Note to Reader

- In the context of this document , 'Toyota' refers to both Toyota brand and Lexus brand
- These Guidelines replace the 2013 Sustainable Purchasing Guidelines

Introduction

Dear Toyota Suppliers and Business Partners,

Toyota Motor Corporation (TMC) and Toyota Motor Europe (TME) have continuously strived to contribute to the sustainable development of society through the manufacturing and distribution of high-quality and innovative products and services.

As Toyota's business operations have expanded globally, more and more attention has been paid to sustainable development, to corporate social responsibilities and to environmental preservation, including climate change issues.

We would like our Suppliers and Business Partners to gain full understanding of our expectations towards sustainable development and good corporate citizenship, to assure legal compliance at all times, and to work together with TME in the spirit expressed in these Sustainable Purchasing Guidelines.

Our Purchasing team's mission is to procure the highest quality, best value and most technologically advanced goods and services from the leading global suppliers, and to build a supply chain that operates ethically and responsibly.

We are setting out to improve the sustainability of our supply chain by strengthening our Sustainable Purchasing Guidelines. These updated Sustainable Purchasing Guidelines (SPG) aim to ensure that our direct suppliers and others in the supply chain understand our approach to environmental and social issues. This document clearly sets out Toyota's requirements for our business partners and also helps suppliers with legal compliance.

The following sections have been added to the 2013 version: Anti-bribery and Conflict of Interests, Delivery, Production Preparation, Toyota Environmental Challenge 2050, Reduction of impact on water environment and Establishing a society in harmony with nature.

Our expectation is that our business partners/suppliers will not only implement necessary policies and procedures at their own company, but they will also promote and ensure the same responsible behaviour in their own supply chains.

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Overview

Toyota expects its Suppliers and Business Partners to ensure 'long-term and stable procurement of the best products at the most competitive prices, in the most speedy and timely manner', based on thorough compliance with all applicable laws, regulations, and social norms and with full consideration for the environment.

We ask that you always engage in the development and manufacture of products from the perspective of the customers who purchase Toyota products. We further request that you undertake initiatives such as those described below.

For details of Toyota Motor Europe's expectations, please refer to the relevant pages in this Sustainable Purchasing Guidelines.

	Parts (OE, service and accessories)	Materials		Equipment, construction and services	Packaging materials	Logistics
		Direct	Indirect			
A Toyota Motor Europe **– CSR**	•	•	•	•	•	•
B Toyota Motor Europe **– Anti-bribery and Conflict of Interest**	•	•	•	•	•	•
C Toyota Motor Europe **– Quality**	•	•				
D Toyota Motor Europe **– Delivery**	•	•				
E Toyota Motor Europe **– Production Preparation**	•	•				
F Toyota Motor Europe **– Environment**						
1. Establishment of Environmental Management System	•	•	•	•	•	•
2. Reduction of greenhouse gas emissions	•	•	•	•	•	•
3. Reduction of impact on water environment	•	•	•	•	•	
4. Promotion of resource recycling	•	•	•	•	•	•
5. Establishing a society in harmony with nature	•	•	•	•	•	

A

Toyota Motor Europe – Corporate Social Responsibility ⟨CSR⟩

Guiding Principles at Toyota

1. Honour the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good corporate citizen of the world.

2. Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in the communities.

3. Dedicate ourselves to providing clean and safe products and to enhancing the quality of life everywhere through all our activities.

4. Create and develop advanced technologies and provide outstanding products and services that fulfil the needs of customers worldwide.

5. Foster a corporate culture that enhances individual creativity and teamwork value, while honouring mutual trust and respect between labour and management.

6. Pursue growth in harmony with the global community through innovative management.

7. Work with business partners in research and creation to achieve stable, long-term growth and mutual benefits, while keeping ourselves open to new partnerships.

Toyota CSR Policy: Contribution towards Sustainable Development

We, TOYOTA MOTOR CORPORATION and our subsidiaries, take initiative to contribute to harmonious and sustainable development of society and the earth through all business activities that we carry out in each country and region, based on our Guiding Principles.

We comply with local, national and international laws and regulations as well as the spirit thereof and we conduct our business operations with honesty and integrity.

In order to contribute to sustainable development, we believe that management interacting with its stakeholders as described below is of considerable importance, and we will endeavour to build and maintain sound relationships with our stakeholders through open and fair communication.

We expect our business partners to support this initiative and to act in accordance with it.

Customers

- Based on our philosophy of “Customer First,” we develop and provide innovative, safe and outstanding high quality products and services that meet a wide variety of customers’ demands to enrich the lives of people around the world. (Guiding Principles 3 and 4)
- We will endeavour to protect the personal information of customers and everyone else we are engaged in business with, in accordance with the letter and spirit of each country’s privacy laws. (Guiding Principle 1)

Employees

- We respect our employees and believe that the success of our business is led by each individual’s creativity and good teamwork. We stimulate personal growth for our employees. (Guiding Principle 5)
- We support equal employment opportunities, diversity and inclusion for our employees and do not discriminate against them. (Guiding Principle 5)
- We strive to provide fair working conditions and to maintain a safe and healthy working environment for all our employees. (Guiding Principle 5)
- We respect and honour the human rights of people involved in our business and, in particular, do not use or tolerate any form of forced or child labour. (Guiding Principle 1)
- Through communication and dialogue with our employees, we build and share the value “Mutual Trust and Mutual Responsibility” and work together for the success of our employees and the company.
  We recognize our employees’ right to freely associate, or not to associate, complying with the laws of the countries in which we operate. (Guiding Principle 5)
- Management of each company takes leadership in fostering a corporate culture, and implementing policies, that promote ethical behaviour. (Guiding Principles 1 and 5)

Business Partners

- We respect our business partners such as suppliers and dealers and work with them through long-term relationships to realize mutual growth based on mutual trust. (Guiding Principle 7)
- Whenever we seek a new business partner, we are open to any and all candidates, regardless of nationality or size, and evaluate them based on their overall strengths. (Guiding Principle 7)
- We maintain fair and free competition in accordance with the letter and spirit of each country’s competition laws. (Guiding Principles 1 and 7)

Shareholders

- We strive to enhance corporate value while achieving a stable and long-term growth for the benefit of our shareholders. (Guiding Principle 6)
- We provide our shareholders and investors with timely and fair disclosure on our operating results and financial condition. (Guiding Principles 1 and 6)

Global Society / Local Communities

Environment

- We aim for growth that is in harmony with the environment by seeking to minimize the environmental impact of our business operations, such as by working to reduce the effect of our vehicles and operations on climate change and biodiversity. We strive to develop, establish and promote technologies enabling the environment and economy to coexist harmoniously, and to build close and cooperative relationships with a wide spectrum of individuals and organizations involved in environmental preservation. (Guiding Principle 3)

Community

- We implement our philosophy of “respect for people” by honouring the culture, customs, history and laws of each country. (Guiding Principle 2)
- We constantly search for safer, cleaner and superior technology that satisfies the evolving needs of society for sustainable mobility. (Guiding Principles 3 and 4)
- We do not tolerate bribery of or by any business partner, government agency or public authority and maintain honest and fair relationships with government agencies and public authorities. (Guiding Principle 1)

Social Contribution

- Wherever we do business, we actively promote and engage, both individually and with partners, in social contribution activities that help strengthen communities and contribute to the enrichment of society. (Guiding Principle 2)

Basic Policies at Toyota Purchasing

All Purchasing at Toyota is oriented toward creating vehicles that will earn the satisfaction of customers. It takes place in accordance with the following three policies:

1. Fair competition based on an open-door policy

Toyota is open to any and all suppliers, regardless of nationality, size, or whether they have done business with us before. Our choice of suppliers is based purely on business considerations. We evaluate the overall strengths of prospective suppliers, including their quality, technological capabilities, and reliability in delivering the required quantities on time.

Also, we evaluate their potential strengths, as evidenced in such ways as their amenability to continuing, kaizen improvements. In addition, we evaluate suppliers’ commitment to addressing social expectations, especially with regard to environmental issues.

2. Mutual benefit based on mutual trust

We believe in developing mutually beneficial, long-term relationships based on mutual trust. To foster that trust, we pursue close and wide-ranging communication with suppliers.

3. Contributing to local economic vitality through localization: good corporate citizenship

Our production outside Japan is increasing rapidly as we globalize our operations. We work to make an economic and industrial contribution that is fully commensurate with our market presence in each region. That includes purchasing parts, materials, tools, equipment and others from local suppliers.

Supplier CSR Guidelines

At Toyota, we remain committed to advancing the quality of life through the products and services we offer. Therefore, we hope to contribute to the realization of a sustainable society through the following philosophy and activities in addition to implementing thorough environmental management:

1. Share Basic Management Philosophy

We would like to carry out the following philosophy together with our suppliers:

- **Creation of Work Environment based on Respect for our Employees**
  Organize the environment to foster trust between workers and management and develop a work climate to promote human development.
- **Monozukuri based on Genchi-Genbutsu**
  Genchi-Genbutsu - focusing all corporate activity on the actual needs in the marketplace and on conditions in the workplace. We practise Genchi-Genbutsu, go to the source to find the facts to make correct decisions, build consensus, and achieve goals at our best speed.
- **Relentless Kaizen Efforts**
  We improve our business operations continuously, always driving for innovation and evolution.
- **Two-way Communication**
  Automobile manufacturing at Toyota is a joint endeavour between suppliers and Toyota.

To succeed in that endeavour, we and our suppliers need to work together as a single company. We must maintain close communication, exchanging ideas frankly and coming to terms with each other on all matters of importance.

2. Toyota's Expectations of Suppliers for providing "Products and Services"

We expect suppliers to provide the best possible products at the lowest possible cost. This must also consider providing in the timeliest manner on a stable and long-term basis.

Suppliers need to undertake product development and deploy manufacturing processes that address the customers' needs and wants of today and tomorrow.

Therefore, our five main expectations are as follows:

1. Safety

Manufacturing is carried out by people, so it is most important to secure a safe environment for people to carry out manufacturing without worry. In a safe working environment, workers can concentrate their efforts on manufacturing, and make products of good quality.

2. Quality

Our highest priority at Toyota is quality. Consistently high quality is the biggest reason for the excellent reputation of our products around the world and for the trust we enjoy from customers. We need to keep up with customers' increasing expectations of vehicle quality. We appreciate suppliers' understanding that quality is an absolute prerequisite for our business, and we assume that all Toyota suppliers will devote themselves to quality in development and production.

3. Delivery and Production

We at Toyota maximize efficiency through lean manufacturing, producing only what is needed, only when it is needed, and only the amount that is needed. We expect suppliers to contribute to this lean efficiency through flexible, error-free execution in preparation for mass production, in mass production, and in delivery.

4. Cost

We expect suppliers to offer the most competitive cost in the world. Suppliers need to develop new technologies and innovative production technologies to support their continuing cost reduction.

5. Technological Capabilities

Customer and social expectations are mounting in three main areas; technologies for environmental protection, safety, and comfort. Our suppliers need to grasp these expectations and to address them a step ahead of their competition through innovative products and technologies. Our suppliers also need to broaden the marketability of their products through dramatic cost reduction.

3. Toyota's Expectations of Suppliers in the Process of Developing "Products and Services"

We expect suppliers to comply with the following items to undertake CSR activities.

We also expect suppliers to deepen and expand CSR initiatives with business partners by developing and deploying individual CSR policies and guidelines incorporating the following items:

3.1. Legal Compliance

Compliance with Laws and the Spirit thereof

- Comply with applicable laws and regulations of each country and region as well as the spirit thereof.
- Establish and implement policies, structure and mechanisms for ensuring and verifying legal compliance including a code of conduct, confidential compliance hotline and training.

Management and Protection of Confidential Information

- Manage and protect company's confidential information such as trade secrets and use such information in an appropriate manner.
- Obtain confidential information concerning other companies only from authorized personnel by legitimate means. Verify the permissible scope of use and other conditions concerning such confidential information and use it only within the scope allowed, while maintaining its confidentiality and not infringing upon the rights of the other companies.
- Obtain personal information concerning employees, customers and business partners only by legitimate means. Manage and protect such information in a secure manner, and use the information only within the scope allowed.

Protection of Intellectual Property

- Continually monitor and protect all intellectual property of the company against any infringement by others.
- Do not infringe the intellectual property (such as patents, utilities, designs and trademarks) of others, illegally use such intellectual property or make illegal copies of software or publications.

Compliance with the Competition Laws

- Do not engage in illegal acts against the competition laws and regulations of each country and region including private monopolies, unreasonable restraint of trade (cartel, collusive bidding, etc.) or unfair trade practices.

Export Controls

- Comply with laws and regulations concerning export controls, thoroughly implement such controls and establish management as confirming whether products, technology or other exports are subject to regulations, and prepare and provide documentation of such confirmation.

Anticorruption Measures

(SEE CHAPTER B: TME'S ANTI-BRIBERY AND CONFLICT OF INTEREST GUIDELINES)

- Comply with applicable laws and regulations concerning political donations or contributions and strive to build transparent and fair relationships with political parties or administrative bodies.
- Do not engage in giving or receiving presents, entertainment or money with customers, suppliers and other business partners in order to acquire or maintain unjust interest or wrongful preferential treatment.

3.2. Human Rights/Labour

Non-Discrimination

- Do not discriminate on the basis of personal characteristics protected by local applicable laws and regulations, such as race, ethnic and national origin, religion, age, gender, etc.-with regards to all aspects of employment, including application process, hiring, promotion, compensation, access to training, job assignment, wages, benefits, discipline, termination and/or retirement.

Respect and Dignity – Harassment

- Do not tolerate any form of harassment in the workplace based upon the personal characteristics protected by local applicable laws and regulations, such as race, ethnic and national origin, religion, age, gender, etc.
- Harassment may involve verbal, visual or physical conduct that negatively interferes with work performance, diminishes the dignity of any employee, or creates an intimidating, hostile or otherwise offensive work environment.
- Implement procedures for prompt reporting and examination of any harassment complaints and enable employees to report any instances of harassment without fear of reprisal, intimidation, or harassment.

Child Labour

- Do not use child labour.
- The minimum age for employment shall be 15 years of age, the legal minimum age for employment, or the age for completing compulsory education, whichever is greatest under the local applicable laws and regulations.
- Do not use employees under 18 years of age for hazardous work.
- Bona fide job training or apprenticeship programmes permitted under the local applicable laws and regulations may be allowed.

Forced Labour

- Do not use forced labour.
- Ensure that all work is voluntary and employees are free to leave work or terminate their employment.
- Do not require employees, who must work in a legal status, to surrender passports, government-issued identifications, or work permits as a condition of employment.

Wages and Benefits

- Pay wages in compliance with local applicable laws and regulations, including those relating to minimum wages, overtime hours, deduction from wage, piece rates and other elements of compensation.
- Provide legally mandated benefits.
- Ensure wages, other compensation, benefits and deductions are detailed and explained, in compliance with local applicable laws and regulations, clearly and regularly to employees.

Working Hours

- Comply with local applicable laws and regulations governing employees' working hours, including overtime work.

Freedom of Association

- Recognize employees' right to freely associate, or not to associate, complying with local applicable laws and regulations in which we operate.
- Encourage employees to communicate openly and directly with management without fear of reprisal, intimidation, or harassment.

Safe and Healthy Working Environment

- Place the highest priority on safety and health programmes and policies at work, so that each employee is able to work without undue concerns, and strive to prevent accidents and injuries from happening at work.
- Support efforts to improve the health of employees through health promotion activities at work, guidance for preventing illness, and other means.

3.3. Local/Global Community

Environment

(SEE CHAPTER F: ENVIRONMENT)

- Pursue growth in harmony with the environment and aim for zero-emissions in your business activities.
- Establish an Environmental Management System (EMS) that can promote environmental preservation activities and continuously improve them, in addition to comply with applicable environmental laws and regulations in each company.
- Promote proper management for environmental Substances of Concern (SoC) as well as improving environmental performance.

Responsible Material Procurement

- Obtain materials with full deliberation and care to avoid the procurement or use of materials which are unlawful or which are obtained through unethical or otherwise unacceptable means (such as conflict minerals*). We expect suppliers to take appropriate steps to discontinue procurement of these materials if use is detected.

*Minerals originating from the Democratic Republic of the Congo and neighbouring countries that have directly or indirectly contributed to the financing of armed groups.

Social Contribution

- Strive to pay attention to the societal challenges of each community in order to promote its prosperity and development, and to conduct social contribution activities leading to the solution of such challenges in cooperation with the local communities.

Disclosure of Information to Stakeholders

- Strive to disclose to stakeholders such information as is pertinent to them, including management, financial condition, environmental preservation, community and social contribution, in a timely and fair manner and to build and maintain positive relationships with stakeholders through open and fair communication.

Developing and Deploying Policies and Guidelines for Business Partners

- Strive to deepen and expand CSR initiatives with business partners (e.g., tier 2 level) by developing and deploying individual CSR policies and guidelines incorporating the guidelines outlined above.
- Promote the above activities in consideration of the whole supply chain and conduct the necessary countermeasures for follow-up and improvement of business partners.

Documents to be submitted	When & how to submit
Self-Assessment Questionnaire on CSR/Sustainability for Automotive Sector Suppliers	**Potential Suppliers:** to be submitted together with the quote directly to your Toyota Purchasing contact
	Existing suppliers: Updated questionnaire to be provided every 2 years either via platform defined by Toyota Purchasing or via mail to Business Planning team csr.purchasing@toyota-europe.com

B

Toyota Motor Europe – Anti-bribery and conflict of interest guidelines

For the purposes of these Guidelines, **"TOYOTA entity"** means any company within the TOYOTA group of companies worldwide which controls, is controlled by, or is under common control with TME ("control" means the direct ownership of fifty per cent (50%) or more of the voting rights or other rights to direct management in such company).

Request by TME to its Business Partners

TME request all third parties (persons or entities) involved in any dealings / relationships / business activities with TME and/or any TOYOTA entity (hereinafter referred to as "Business Partners") to comply with the guidelines set out below (hereinafter referred to as these "Guidelines").

A Business Partner is any individual not employed by TME and/or any TOYOTA entity, or any entity not owned or controlled by TME and/or any TOYOTA entity, who / that provides services, or engages in business activities, with TME. Business Partners include a wide range of different individuals and entities and include (non-exhaustive list):

- suppliers of goods, software, …;
- service providers;
- distributors;
- commercial agents;
- sales representatives;
- external consultants, counsels or advisors (including tax and financial advisors, accountants and lawyers);
- investigation agencies or agents;
- trading houses;
- joint-venture partners;
- contractors or subcontractors; and
- intermediaries.

For the purposes of these Guidelines, when the Business Partner is an entity, the reference to "Business Partner" shall include the entity itself, its employees, as well its affiliated companies, its sub-contractors and consultants.

For the purposes of these Guidelines, "employee" or "employees" shall mean employees, managers and officers.

These Guidelines were compiled to reflect global standards of anti-corruption / anti-bribery related laws and regulations as applicable when Business Partners are dealing with TME and/or any TOYOTA entity. In certain countries or regions, there may be applicable laws and regulations which are stricter than these Guidelines and which would then supplement these Guidelines.

Anti-Bribery

Corruption / bribery is illegal in many countries and regions. Therefore, in their dealings with TME and/or any TOYOTA entity, all Business Partners are expected to comply with these Guidelines or guidelines which are substantially similar to these Guidelines, as well as with all applicable laws and regulations.

Business Partners must never be involved in corruption / bribery acts, whether directly or through third parties, such as, for example, advisors, consultants, agents or intermediaries.

A certain conduct that may be tolerated in a particular country may not be permitted in light of global standards, and a certain conduct that was formerly lawful and tolerated may subsequently become illegal or no longer tolerated.

1. Principles

TME shall not seek to make any profits in a way that would require resorting to improper means, including acts of corruption / bribery. TME does not tolerate any act of corruption / bribery (as defined below), including, without limitation:

a. the offering, promising or giving of bribes (active bribery);
b. the requesting, agreeing to receive or accepting of bribes (passive bribery);
c. the bribery by others on behalf of TME and/or any TOYOTA entity, with or without knowledge of TME and/or any TOYOTA entity; and
d. extortion, abuse of power, embezzlement, money laundering and any similar criminal activity.

TME does not do business with any person or entity which initiates, is involved in or authorizes acts of corruption / bribery, and TME shall therefore refrain from pursuing or initiating any dealings or relationships with such persons or entities.

2. Prohibition to commit acts of corruption / bribery or to accept bribes

Acts of corruption / bribery

a. The Business Partner shall comply with all applicable anti-bribery / anti-corruption laws and regulations, including, without limitation, any relevant foreign laws and regulations which would be applicable, as well as with all other similar applicable laws and regulations.
b. **The Business Partner must not offer**, promise or give, directly or through any third party, irrespective in which country, for the purpose of obtaining or retaining business or an advantage in the conduct of business with, for or in connection with TME and/or any TOYOTA entity, **any money or other financial advantage or anything of value** (herein referred to as a **"Bribe"**; see more detailed definition below) to:
   i. a public official, an employee of a public organization, or any person having a similar function (herein referred to as a "Public Official"; see more detailed definition below); and/or
   ii. any third party other than a Public Official (including, without limitation, TME and/or any TOYOTA entity, or

any employee of TME and/or of any TOYOTA entity), with the intention to influence any act by such Public Official (in his / her official capacity) or such third party or to induce such Public Official or such third party to improperly perform a relevant (official) duty, function or activity or to reward such Public Official or other third party for the improper performance of such (official) duty, function or activity, neither shall the Business Partner authorize any of the above-mentioned acts.

c. The Business Partner shall not, in the conduct of business with, for or in connection with TME and/or any TOYOTA entity, request, agree to receive, or accept a Bribe, directly or through a third party, irrespective in which country, in connection with any improper performance of a relevant function or activity for any third party.

The (active and passive) acts of corruption / bribery mentioned under items (a) and (b) above are herein referred to as "**Acts of Corruption / Bribery**").

Consequences of Acts of Corruption / Bribery

Acts of Corruption / Bribery undertaken by the Business Partner may expose TME and/or any TOYOTA entity, as well as the Business Partner itself, to severe legal / criminal liability. The criminal sanctions for Acts of Corruption / Bribery imposed on individuals may include imprisonment in addition to fines. Acts of Corruption / Bribery targeting private individuals or entities constitute a criminal offence in many jurisdictions and carries severe criminal sanctions for the individual(s) involved and generally also for the corporate entity/ies involved. Acts of Corruption / Bribery targeting Public Officials constitute a criminal offence in virtually all jurisdictions and carry often more severe criminal sanctions for the individual(s) involved and generally also for the corporate entity/ies involved.

Furthermore, Acts of Corruption / Bribery may cause considerable damage to the reputation of TME and TOYOTA entities, of the Toyota group worldwide and of the brands of the Toyota group. The Business Partner has therefore the obligation to avoid any acts, practices or conducts, which may be considered or misconstrued as Acts of Corruption / Bribery when the Business Partner has contacts with a Public Official or any other third party in the framework of its activities or conduct of business for, with or in connection with TME and/or any TOYOTA entity.

The following Acts of Corruption / Bribery may also trigger TME's and/or any TOYOTA entity's legal / criminal liability:

- acts of Corruption / Bribery committed through the use of third parties such as agents, consultants, distributors, suppliers, affiliated companies of the Business Partner, etc. for or on behalf of TME and/or any TOYOTA entity;
- awareness or tolerance by the Business Partner of such Acts of Corruption / Bribery committed by such third parties for or on behalf of TME and/or any TOYOTA entity;
- if the Business Partner neglects or omits to take action when it is aware of facts or suspicions related to such Acts of Corruption / Bribery.

In such situations the Business Partner may also face legal / criminal liability, which may be as severe as if such Acts of Corruption / Bribery had been committed directly by the Business Partner itself.

The Business Partner may face legal / criminal liability for Acts of Corruption / Bribery even when neither TME / any TOYOTA entity nor the Business Partner actually benefit from the Act of Corruption / Bribery, even when the bribed person (Public Official or other third party) did not accept any Bribe, and also even when no conduct of such person is influenced or when no relevant function or activity is performed improperly.

The request or acceptance of a Bribe by a Business Partner in the conduct of business with, for or in connection with TME and/or any TOYOTA entity, directly or through a third party, irrespective in which country, in connection with any improper performance of a relevant function or activity for any third party may expose the Business Partner involved to legal / criminal liability for being bribed.

Who is to be considered as a Public Official?

The following are examples of Public Officials, irrespective of the relevant country (non-exhaustive list):

- members of (local, regional, national) governments / parliaments,
- officials of public authorities or governmental bodies (such as, for example, tax inspectors, customs officials, police officers, competition authorities),
- officers and employees / representatives of companies or bodies controlled or subsidized by governments / public authorities (such government-controlled entities include an organization that is effectively controlled by a government, government agency or a local government, etc. through the dispatch of principal directors, etc., irrespective of the government's shareholding ratio in such organization; examples include state-run or semi-public entities engaging in public services such as electricity, gas and railways, universities, hospitals, research institutes, etc.),
- officials / employees of public international organizations (such as, for example, the institutions, agencies or other bodies of the European Union),
- representatives / members of political parties,
- candidates for political / public office,
- (where applicable) persons who belong to private international organisations and are in the concerned countries considered as public officials (such as, for example, the International Olympic Committee, the International Red Cross),
- persons performing public functions on behalf of the aforementioned persons (for example, an inspection agency or examination institution designated by a government), and
- any other individuals or entities involved in public functions / activities.

What constitutes "obtaining or retaining business or an advantage in the conduct of business"?

The following are examples of "obtaining or retaining business or an advantage in the conduct of business" (non-exhaustive list):

i. simplification or facilitation (expedition) of procedures,
ii. total or partial tax exemptions,
iii. obtaining a licence, permission or approval,
iv. obtaining commercial transactions / contracts,
v. obtaining a favourable evaluation or recommendation,
vi. obtaining confidential information,
vii. request not to disclose misconducts or scandals,
viii. overlooking a violation of the law, and
ix. avoidance or mitigation of a penalty (fine, administrative fee).

What constitutes a Bribe?

A Bribe is a contribution (financial or other) that is (directly or indirectly) offered, promised or given to another person (whether a Public Official or a private person or entity) in order to persuade them to act improperly or to perform their duties improperly, or to reward them for acting improperly or for performing their duties improperly, or with the intention of influencing them in the performance of their duties, so as to gain a (i) personal advantage (such as, for example, cash, employment opportunities), (ii) a business-related advantage (such as, for example, a commercial advantage (e.g., favourable prices / discounts, a favourable change to a supplier selection procedure, access to confidential business information), a contractual advantage (e.g., favourable terms and conditions in a supply contract), or (iii) a regulatory or administrative advantage (e.g., a favourable decision by an authority or favourable terms in a new regulation, a favourable result of an inspection).

A Bribe may be anything of value, and not just money, such as (non-exhaustive list) gifts, gift vouchers, (corporate) hospitality, entertainment, rebates, discounts, payment or reimbursement of travel expenses, contributions, donations and sponsorship, shares, loans, guarantees, access to or offer of employment, facilitation payments (see below), etc.

Facilitation Payments

A “facilitation” or “grease” payment is a payment or a gift, usually of small value, without any legal basis, made to a public official to speed up or secure the performance of a routine, governmental action which the official is already obliged to perform. Examples of such actions: processing governmental papers (e.g., issuing / extending visas and work permits), scheduling inspections associated with contract performance or the shipment of goods or loading and unloading cargo, customs clearance, issuing building permits. In some countries such “facilitation” or “grease” payment may effectively be requested by a Public Official.

TME does not make or allow facilitation payments of any kind. Indeed, “facilitation” or “grease” payments of any kind are considered Bribes and are therefore strictly prohibited.

Facilitation payments made by a Business Partner for the purpose of obtaining a favour or advantage in the conduct of business for TME and/or any TOYOTA entity may expose TME and/or such TOYOTA entity, as well as such Business Partner involved in such act, to legal / criminal liability.

3. Gifts and hospitality

The tradition of giving and receiving gifts and hospitality is recognised as an established part of doing business. However, this is a delicate area and in order to avoid the risk of misconduct in this matter, certain principles and rules must be complied with:

- As a general rule, TME does not encourage its employees to accept gifts and hospitality from any Business Partner and, therefore, **TME does not encourage its Business Partners to offer gifts and hospitality to employees of TME.**
  Employees of TME must comply with certain rules and guidelines as regards receiving gifts and hospitality. Therefore, if a Business Partner would wish to offer a gift or hospitality to any employee of TME, it shall always pro-actively and before offering such gift or hospitality to an employee of TME, and even if such offering would

be compliant with the Business Partner's own rules and guidelines, verify that such offering is in line with TME's above-mentioned rules and guidelines (for example, by pro-actively requesting an explanation about such rules and guidelines from the management of the division within TME which the Business Partner is dealing with); and

- The same principles as specified above apply with respect to the acceptance, by a Business Partner, of any gift or hospitality from an employee of TME.

4. Implementing these guidelines

The Business Partner is requested to raise awareness with respect to the applicable anti-corruption / anti-bribery laws and regulations, as well as these Guidelines among its employees in an appropriate manner, i.e.:

a. having a proper anti-bribery policy or guidelines;
b. raising awareness through training programmes;
c. instructions to its employees to immediately report internally as appropriate facts, suspicions, doubts or concerns about Acts of Corruption / Bribery or any involvement in any Act of Corruption / Bribery, etc.).

In addition, the Business Partner is requested, as may be necessary and appropriate, to raise awareness of those of its employees in the conduct of business with, for or in connection with TME and/or any TOYOTA entity with respect to the prohibitions and obligations in these Guidelines among the Business Partner's own business partners.

The Business Partner shall also provide, when so requested by TME, any relevant information and documentation to enable TME to verify the Business Partner's compliance with these Guidelines and any applicable anti-corruption / anti-bribery laws and regulations.

Should the Business Partner's employees, consultants, sub-contractors, affiliated companies, etc. become involved in any actual or suspected Act of Corruption / Bribery, the Business Partner shall fully cooperate with any investigation conducted by TME or by the relevant authorities in relation thereto.

TME shall ensure that the agreements with its Business Partners contain appropriate references concerning the compliance with these Guidelines or other guidelines which are substantially the same as these Guidelines, as well as with anti-corruption / anti-bribery laws and regulations. TME shall also ensure that such contracts contain appropriate clauses, such as, without limitation, hold harmless and indemnification clauses, concerning the consequences, for TME and/or any TOYOTA entity, of any and all Acts of Corruption / Bribery which the Business Partner would have committed.

In the event that a Business Partner is involved in an Act of Corruption / Bribery, TME may terminate with immediate effect and without being liable for any compensation to such Business Partner any contractual relationship with such Business Partner.

5. Reporting

TME requests that its Business Partners would report to TME in good faith facts or suspicions regarding actual or suspected Acts of Corruption / Bribery committed by the Business Partner's employees, sub-contractors, consultants, etc., or involving, in any way, the above-mentioned persons, in the conduct of business with, for or in connection with TME and/or any TOYOTA entity.

TME also requests that its Business Partners would report to TME any act of (active or passive) corruption / bribery committed by, or involving, any employee, sub-contractor, consultant, etc. of TME or any TOYOTA entity, which they would become aware of, or any serious suspicions or concerns related thereto.

Any report as mentioned above should be made to the attention of the Compliance Officer of TME via the e-mail address **TME.compliance@toyota-europe.com**.

Conflict of interest based on personal interests of TME employees in business partners

In case any employee of TME and/or any TOYOTA entity would have a personal interest in any Business Partner, with which TME or any TOYOTA entity has business transactions or dealings with or envisages to have business transactions or dealings with (such as discussions, negotiations, actual transactions, partnerships, (verbal or written) contractual relationships, etc.), this may give rise to situations where a conflict of interest – real or perceived – could arise whereby such employee of TME may not be in a position to remain independent (and seen to be independent) from such Business Partner. Such situations must not be allowed.

For the purposes of these Guidelines, "personal interest" means (non-exhaustive list of examples): investing in or acquiring any direct or indirect financial or any other direct or indirect interest (whatever the nature, value or form of such investment or interest) in a Business Partner or any company affiliated to such Business Partner, as well as the existence of a special or close (including, without limitation, family) relationship between any employee of such Business Partner and an employee of TME who is involved in dealings with such Business Partner. The latter includes any type of relationship that exceeds the "at arm's length" professional business relationship and is of such nature that it influences or may influence the relevant persons in the performance of their duties or activities.

As regards the situations of conflict of interest, as described above, TME will promptly inform a Business Partner of any such situation which TME has become aware of.

Furthermore, TME requests that its Business Partners would:

i. refrain from creating, contributing to or participating in any situation whereby any employee of TME would receive, obtain or have any personal interest (as specified above) in or with the Business Partner; and
ii. report to TME in good faith any personal interest (as specified above) of any employee of TME in or with the Business Partner which Business Partner has become aware of; such report shall mention the name of such employee of TME and the nature of the personal interest in such Business Partner and should be made to the attention of the Compliance Officer of TME via the e-mail address **TME.compliance@toyota-europe.com** or to the management of such employee.

In case a Business Partner and/or TME become aware of a situation of conflict of interest, they will, where feasible, promptly implement the appropriate measures to put an end to such a situation.

In the event that the Business Partner concerned has been creating, contributing to or participating to a situation of conflict of interest and/or there was no possibility to put an end to such a situation, TME may terminate with immediate effect and without being liable for any compensation to such Business Partner, any contractual relationship which TME may have with such Business Partner.

Review of these guidelines

These Guidelines are subject to applicable anti-corruption / anti-bribery laws and regulations, and can be adjusted or modified from time to time based on changes to such applicable laws and regulations, to TME's policies and/or improvement activities. Any changes to these Guidelines procedures will be published on TME's public corporate Web site and this Web site should be regularly consulted by the Business Partners for the up-to-date version of these Guidelines. In line with Toyota's basic quality policy, we strongly cooperate with our Suppliers to meet and even exceed our Customers' quality expectations. We support our Suppliers both during production preparation and mass production stages to assure good quality parts to be installed on Toyota vehicles and delivered to our Customers.

Toyota Motor Europe – Quality

We communicate our expectations and requirements to our Suppliers through the Toyota Technical Instruction Manual (TTIM) and the Supplier Quality Assurance Manual (SQAM) to support their quality assurance system and to ensure the quality of supplied parts. TTIM provides procedures and documents for the design of Toyota and/or Toyota approval drawings. SQAM provides procedures and documents for management of an effective quality system. Accordingly built-in-quality, problem prevention and continuous improvement can be realised.

As part of one team spirit and kaizen mind, and to deliver “always better cars” to our Customers, we continuously encourage open and free communication of ideas and information between our Suppliers and Toyota.

Toyota Motor Europe – Delivery

By creating the Supplier Delivery Assurance Manual (SDAM) in line with our Toyota Production System (TPS) philosophy, we are delivering clear guidance on how to handle Toyota operations for all aspects of the supply chain. This way we want to ensure that the safest and best practice logistics operations are in place throughout the supply chain.

By respecting and following our procedures, we are building a strong relationship with our suppliers which also allows smooth parts flow from the supplier to Toyota plants.

Therefore Toyota expects from its suppliers that they will follow and apply these guidelines at all times.

E

Toyota Motor Europe – Production Preparation

As part of our supplier purchasing relationship, a critical phase for all parts and commodities, is the development and preparation towards a new project.

To support this, Toyota Motor Europe has developed and deployed a common approach for supplier parts preparation activities, this allows us to achieve the minimum expected requirements and the ever more demanding quality, lead-time and cost targets.

In line with the spirit of good cooperation and 'The Toyota Way', we adopt a strong team approach to this process with suppliers, through our Supplier Parts Tracking Team (SPTT). We expect suppliers to proactively approach this through strong problem solving, continuous improvement and communication.

To ensure supplier understanding of all of our expectations for this, we have devised our Supplier Production Preparation Manual (SPPM). This manual details the required activities to support successful and safe joint development of products, during the production preparation phase of a project, and lead to a successful parts and project launch.

Toyota Motor Europe – Environment

Toyota Earth Charter

The Toyota Earth Charter was announced in 1992 (revised in 2000), and since its implementation we are continuously focusing on incorporating our basic policy into our day-to-day activities.

Toyota Environmental Challenge 2050

Challenge to Zero & Beyond

With the aim to move toward a net positive environmental impact, Toyota has set itself six ambitious challenges that are addressing key global environmental issues such as climate change, water shortages, resource depletion and degradation of biodiversity.

By setting these challenges, Toyota is committed to continuing toward the year 2050 with steady initiatives in order to realize a sustainable development of our society.

We will strongly cooperate with our suppliers and we will provide possible support both during production preparation and mass production stages in order to consolidate new ideas, dynamism and technology to tackle together the realisation of a truly sustainable society.

The key message of each of the six challenges is explained below:

CHALLENGE 1

New Vehicle Zero CO_2 Emissions Challenge

Reduce global average new vehicle CO2 emissions by 90% by 2050 (in comparison with 2010 levels) by promoting the development of next-generation vehicles with low or zero CO2 emissions.

CHALLENGE 2

Life Cycle Zero CO_2 Emissions Challenge

Completely eliminating all CO2 emissions, including processes of materials, parts and manufacturing, disposal and recycling of vehicles.

CHALLENGE 3

Plant Zero CO_2 Emissions Challenge

Achieve zero CO2 emissions in all plants, by improving the manufacturing technologies and adopting renewable energy and hydrogen energy.

CHALLENGE 4

Challenge of Minimizing and Optimizing Water Usage

Minimize water consumption and enact effective wastewater management in a way that is sensitive to local needs.

CHALLENGE 5

Challenge of Establishing a Recycling-based Society and Systems

Improve resource efficiency toward an ideal resource-recycling based society by developing recycling technologies and producing vehicles from the materials of end-of-life vehicles.

CHALLENGE 6

Challenge of Establishing a Future Society in Harmony with Nature

Enriching lives of communities' in each region by engaging in planting trees at plants, environmental conservation activities and environmental education.

For further information on Toyota Environmental Challenge 2050 please access the following link:

https://www.toyota-europe.com/world-of-toyota/feel/environment/environmental-challenge-2050

Environmental Initiatives Related to Supplier Business Activities

Toyota's Global Vision defines our spirit of "Contributing to society through manufacturing cars" with the focus on providing high quality products and services that bring a smile to the face of our customers in an environmentally conscious manner.

We are continuously working to improve our environmental performance throughout our own operations and count on our suppliers to take a similar approach.

To this end, in addition to ensuring mandatory legal compliance, we request that our suppliers take an active approach in environmental initiatives in their business activities. Such environmental initiatives would be the reduction of energy consumption and of greenhouse gas emissions (e.g. elimination of high GWP CFC), the minimization of water usage, the reduction of waste and a drive to reduce/replace use of Substances of Very High Concern (SVHC).

1. Enhancing and Reinforcing Environmental Management

1.1. Establishing an Environmental Management System

Addressing environmental impacts is one of the major challenges across the globe, with pressure to minimize the impact coming from many sources, including governments, trade associations, supply chains and other social and financial stakeholders.

An Environmental Management System (EMS) provides a framework for managing environmental responsibilities efficiently in a way that is integrated into the overall operations. ISO 14001 or EMAS are two commonly implemented Environmental Management System standards that are designed to address the delicate balance between maintaining profitability and reducing environmental impact.

Convinced about the benefit of such an approach, Toyota itself ensures that all its European sites – production plants, parts and vehicle logistic sites, national marketing and sales companies, Head Office and R&D Centre - are ISO 14001 certified.

Toyota expects its suppliers to implement a certified Environmental Management System (for example ISO 14001 or EMAS). We will check on the certification acquisition status of our suppliers accordingly. We recommend our suppliers to systematically control and promote environmental protection activities. In addition, our suppliers are requested to make efforts in order to achieve continuous environmental improvements. Finally, in order to manage the entire supply chain, we recommend our suppliers to advise and direct on Environmental Management System their upstream suppliers.

Documents to be submitted	When & how to submit
Proof of ISO14001, EMAS or other Environmental Management System	**Potential Suppliers:** to be submitted together with the quote directly to your Toyota Purchasing contact
	Existing suppliers: new proof (when previous certification expired) to be provided immediately either via platform defined by Toyota Purchasing or via mail to Business Planning team **csr.purchasing@toyota-europe.com** or to your Purchasing contact

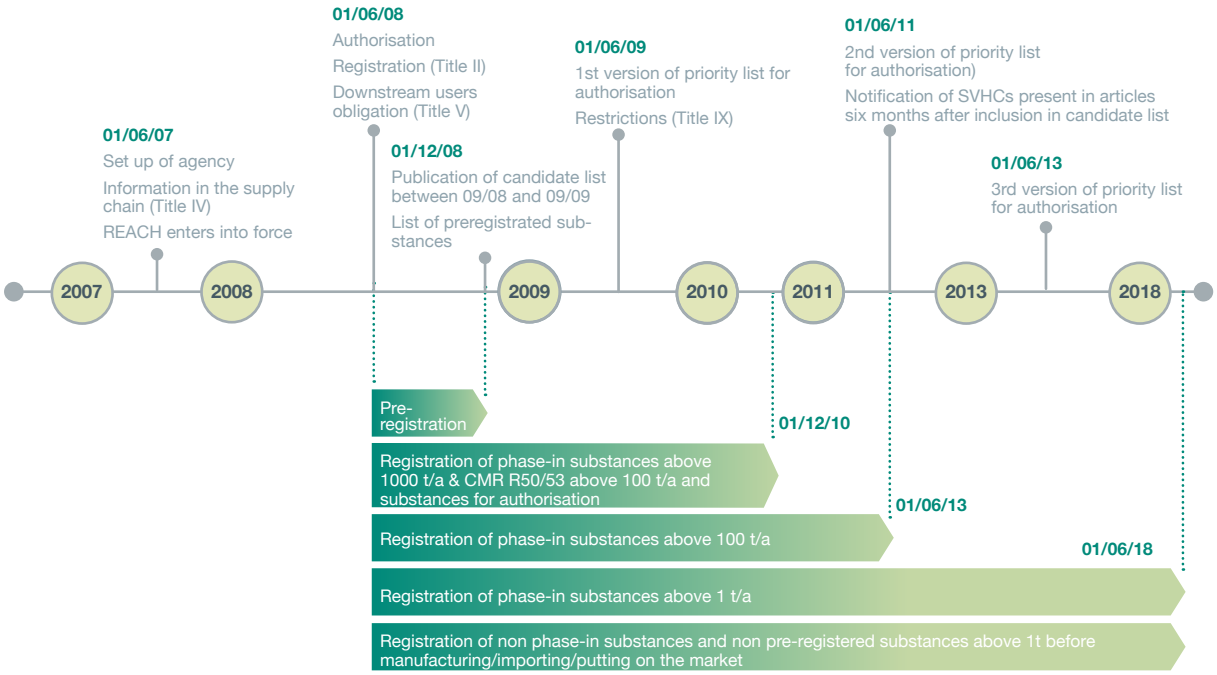
1.2 Management of Products and Materials delivered to Toyota

REACH and other Chemical Regulations

REACH is a European Regulation that came into force in 2007 with the aim to ensure manufacturing, placing on the market and use of chemicals that do not affect human health and the environment. For Toyota Motor Europe, all substances - on their own, in mixtures or in certain articles - which are produced, imported or used in quantities totalling over one tonne per year shall be classified and registered to ECHA (European Chemicals Agency).

Other REACH requirements may also apply, depending on the type of chemicals (if either they contain SVHC or not) and quantities that are placed on the market. Such requirements are, for example, communication to downstream users about SVHC content, notification, authorization or restriction.

The timeline of REACH regulation is shown below:



Please be aware that the general rules for producing, importing and using chemicals within the EU are set in REACH. However, REACH is complemented by other EU legislations such as CLP (Classifying, Labelling and Packaging), BPR (Biocidal Products Regulation) or those on nano-materials. In addition, besides the European Regulations on Chemicals and the Japanese Chemical Substances Control Law, North America and Asia are introducing their own regulations. Therefore, it is important to cooperate in order to collect information on the chemical content of our products and manage our supply chain.

Material Safety Data Sheets & Safety Labelling

TME and EMC operations are committed to comply with all the applicable rules and regulations - including REACH (1907/2006 EC) and CLP (1272/2008 EC) - relating to the provisions and use of Safety Data Sheets (SDS) & safety labelling. All articles and materials that are classified as hazardous have to be packaged, marked, labelled and documented in accordance with all applicable regulations to ensure clear hazard communication.

SDSs shall be prepared/updated according to changes in legal requirements and material composition. SDS approval is required before the launch of a new part or material.

TME and EMCs will ensure that all Toyota employees involved in the handling of parts and materials with a SDS are trained in order to perform their job safely.

Key points for SDS and Labelling:

- The product label and SDS data must include consistent information in accordance with current European legal requirements;
- SDS must be updated each time there are changes in legal requirements or in material composition and it must be supplied with the first delivery of the product;
- A copy of any revised SDS shall also be sent to the relevant purchasing contact.

In order to comply with Chemical Legislations, all suppliers are requested to deliver parts and raw materials in compliance with laws, Toyota standards and Quality Management Manuals, as described in the table below:

	Management of elimination /reduction in use of Substances of Concern	Business Partners								Documents to be submitted		
		OE Parts	Direct Materials	Indirect Materials (including Equipments, Design and construction, Cleaning, Landscaping)	Vehicle	Service Parts	Accessories	Packaging materials	Logistics	Documents required	Submit to whom	Due date
OE parts, service parts, accessories and direct materials (including packaging materials for these items)	**Development/Design/Mass production stage** • Follow Toyota Technical Standard TSZ0001G "Control Method for Substances of Environmental Concern", when managing information on use of Substances of Concern, and reducing or eliminating their use. Please use the latest version of TSZ0001G as it is revised in accordance with regulation developments in any region. We may check the status of your products with regard to substances in all stages. In case of request (i.e survey), please respect the due date.	•	•		•	•	•					
	• Toyota uses IMDS-based material data management globally as a tool for controlling chemical substances as well as vehicle recyclability rates. The flow of data must reflect the flow of materials and components, so the material data must pass along the supply chain. Suppliers should proactively provide IMDS data for new parts and part changes which require a resubmittal according to the required timing. The IMDS reporting requirement for new parts does not supersede other TMC/TME requirements such as those for recyclability/SOC compliance. • For data entry into IMDS, please refer to the following documents: - TME IMDS manual - IMDS User Manual - IMDS manual for Toyota options - IMDS FAQ document for Toyota option • Additionally, Toyota may also ask IMDS data or other evidence (i.e analyse report) for supplementary articles. • We may ask you for an overview of your chemical management process internally and also through the supply chain. Please be aware that we may perform process audit to business partners where necessary.	•	•*			•*	•**			Material data (IMDS)	IMDS	Recyclability rates activity: requested due date New part or change that affect IMDS content: 3 months after the release
	• Control and prevent use of Substances of Concern: expectations towards suppliers are described in the Supplier Quality Assurance Manual (SQAM) Chapter 10 and are accessible through the Quality Information System (QIS)	•	•			•	•			Please consult SQAM, Ch. 10		
	Packaging materials at supplier • Please follow the Packaging Manual issued by your Toyota contact. • When introducing new packaging material, select materials that do not contain any of the prohibited or restricted substances specified in TSZ0001G. • When delivering the initial version of newly-adopted packaging material,ensure elimination in use of the 10 SoCs mentionned in SQAM Ch.10, but also of any other product prohibited by relevant regional and local regulation (REACH, CLP,...). • Please consider the use of environmentally friendly Rust Preventive Material (†VCI): Toyota Motor Europe may provide contacts of current Business Partners which have received prior approval by Toyota. Reason: Packaging material from current Business Partners are already submitted to European Chemical Agency †VCI = Volatile Corrosion Inhibitor	•	•		•	•	•			Declaration of no use of banned SoC Report of contents Packaging specification sheet (if you have connection, input via "Supplier Portal")	For Parts & Accessories: to TME FHSEP-PQ contact	When delivering newly-adopted packaging materials
	Heavy metal ban • Please make parts containing heavy metals identifiable, according to the ELV directive 2000/53/EC art. 4.2.(b)(iv) and Annex II, in order to avoid contamination of recycled materials	•			•	•	•					

* Not required, but anticipated for future
** Please refer to the specific requirements for suppliers of accessories

Not applicable

	Management of elimination /reduction in use of Substances of Concern	Business Partners								Documents to be submitted		
		OE Parts	Direct Materials	Indirect Materials (including Equipments, Design and construction, Cleaning, Landscaping)	Vehicle	Service Parts	Accessories	Packaging materials	Logistics	Documents required	Submit to whom	Due date
Direct materials, indirect materials and packaging materials delivered/brought at plants or logistic centres	**Management of chemicals that are to be delivered/ brought to Toyota** • The introduction of any new or changed direct material needs to be approved by TME via the Chemical Change Procedure (PE-PLE-017) and at European Manufacturing Centers by local procedures. • Any materials that are used by contractors (construction, cleaning and landscaping companies as well as equipment suppliers) must not contain any of the banned substances found on Toyota Standard TMR SAS0126n and must comply with REACH, CLP and any other European and local regulation.		•	•				•		- Safety Data Sheet (SDS) for chemical	TME Materials Engineering	At least 4 weeks before any trials
	Management of chemicals in direct and indirect materials • When planning to adopt a new direct or indirect material, deliver the Safety Data Sheet (SDS) - in local language and English version - for chemical substances and the Declaration of no use of Toyota Banned substance. • Please update the SDS in case of any change and send the updated version to your relevant purchasing contact		•	•						- Safety Data Sheet (SDS) for chemical substances - Declaration of no use of banned SoC	To your Purchasing or engineer contact	At least 4 weeks before any trials
	Management of chemicals in packaging materials • Please follow the Packaging Manual issued by your Toyota contact. • When delivering the initial version of newly-adopted packaging material,ensure elimination and reduction in use of the 10 SoCs mentionned in SQAM Ch.10, but also of any other product prohibited by relevant regional and local regulation (REACH, CLP,...). • Please consider the use of environmentally friendly Rust Preventive Material (†VCI): Toyota Motor Europe may provide contacts of current Business Partners which have received prior approval by Toyota.) Reason : Packaging material from current Business Partners are already submitted to European Chemical Agency †**VCI = Volatile Corrosion Inhibitor**							•		-Declaration of no use of banned SoCs - Safety Data Sheet (SDS) for chemical substances - Report of contents - Packaging specification sheet	For packaging materials for logistics centres: to TME WH ops packaging contact	When delivering a newly-adopted packaging material

Not applicable

1.3. Promotion of Environmental Management through the whole Life Cycle Thinking

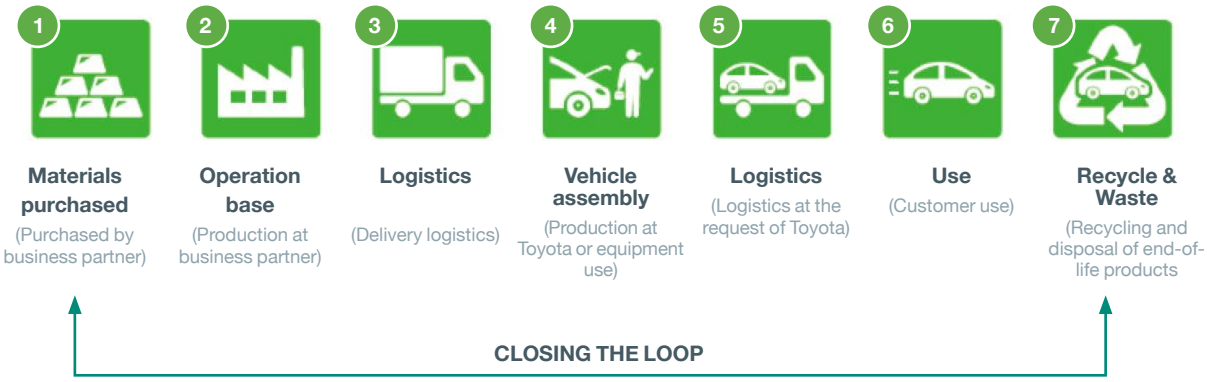
Life Cycle Thinking (LCT) and Life Cycle Assessment (LCA) are essential to Toyota as a global company. We are making efforts to reduce the environmental impact at each stage of the product life cycle. The objective is to discover how much we have improved the new generation product in comparison to the previous one and to ensure that all the learnings are integrated into the new product design and development.

LCT is the process of taking into account in decision making both resources consumed and the environmental and health pressures associated with the full life cycle of a product, from design stage to the final recycling.

LCA is an internationally standardized methodology (ISO 14040 series) that supports LCT and it helps to quantify the resources consumed and the potential environmental impacts of the product.

In order to promote LCT and LCA, Toyota requests its suppliers to implement initiatives to reduce the environmental impact throughout the product life cycle of the delivered products.

Product Life Cycle Thinking Scheme



Documents to be submitted	When & how to submit
Parts environmental performance data	**Potential and existing Suppliers:** to be submitted upon request to your Toyota Purchasing contact

2. Reduction of Greenhouse Gas Emissions

Toyota evaluates greenhouse gas (GHG) emissions throughout the product life cycle and strives to significantly reduce them in order to contribute to a low-carbon society.

To this end, our suppliers need to take an active approach to reduce GHG emissions of the delivered products.

Reduction of GHG emissions by materials purchased

We recommend our suppliers to implement initiatives to reduce GHG emissions of the purchased materials, such as:

- Reduce use of raw materials by reducing the weight of parts;
- Promote low GHG emission raw materials during production;
- Promote use of recycling materials;
- Promote use of biomass materials.

Reduction of GHG emissions at suppliers' operations

We request our supplier to manage and reduce actual GHG emissions at all operations (including plants, R&D facility, office, sales office, logistics facility).

Reduction of GHG emissions at logistics performed at the request of Toyota

Suppliers who are contracted to carry out the logistics of complete vehicles, production parts and service parts must fully understand Toyota's initiatives to reduce GHG emissions. Such suppliers are further requested to work with Toyota and cooperate with Toyota's efforts to implement GHG emissions reduction measures.

In order to make steady improvements, suppliers are requested to maintain data on fuel consumption, distance travelled, fuel efficiency and other items that indicate annual performance and GHG emissions per unit transported, and to report periodically on the status of activities.

Reduction of GHG emissions from development through to disposal and recycling

At design and development stage of the delivered products Toyota suppliers are requested to take into consideration GHG emissions reduction. In addition, suppliers have to consider proper treatment, reuse and recycling at disposal stage of end-of life products.

Reduction of packaging materials

Toyota works to reduce the use of packaging and wrapping materials. Therefore, suppliers which develop and deliver parts or packaging equipment to Toyota are requested to adopt a pro-active attitude and to cooperate with Toyota's efforts to reduce the use of packaging and wrapping materials.

During packaging design the impact on the environment at each step of the packaging life cycle should be taken into account. Obviously, please bear in mind an optimal cost balance between parts quality, material use and logistics handling.

3. Reduction of impact on water environment

Conscious that the world's water needs are growing fast, Toyota is making efforts to promote minimization and optimization of water use by taking into account the conditions in each country and region.

Examples of Toyota specific initiatives are reducing water consumption in existing manufacturing processes and improving water recycling rates.

As the water environment differs greatly across the global regions where we operate, we will take care to introduce measures that are sensitive to local needs.

Moving forward, we request our suppliers to reduce the impact on water at their operations as much as possible.

Reduction of impact on water in operations

Suppliers are requested to implement activities within all their operations (production plants, logistics, offices, R&D sites, sales offices) that reduce negative impact on water. Such activities could be:

- Reduction of the amount of water used;
- Use of rain water;
- Recycling water at plants;
- Improve water quality of discharged water;
- Conservation of intake source.

4. Promotion of resource recycling

Re-usability, Recoverability, Recyclability (RRR)

Toyota is working on improving the re-usability, recoverability and recyclability rate and reducing the volume of automotive shredder residue (ASR), in line with the EU End of Life Vehicle (ELV) Directive 2000/53/EC.

Since December 2008, the '3R' certificate (Directive 2005/64/EC on the type-approval of motor vehicles with regard to their re-usability, recoverability and recyclability) is mandatory for new vehicle types under Whole Vehicle Type Approval (Directive 2007/46/EC).

In order to calculate the re-usability, recoverability and recyclability rate of a vehicle, material data is collected through the supply chain. To this end, Toyota's suppliers are requested to input the data for their responsible parts into IMDS (International Material Data System).

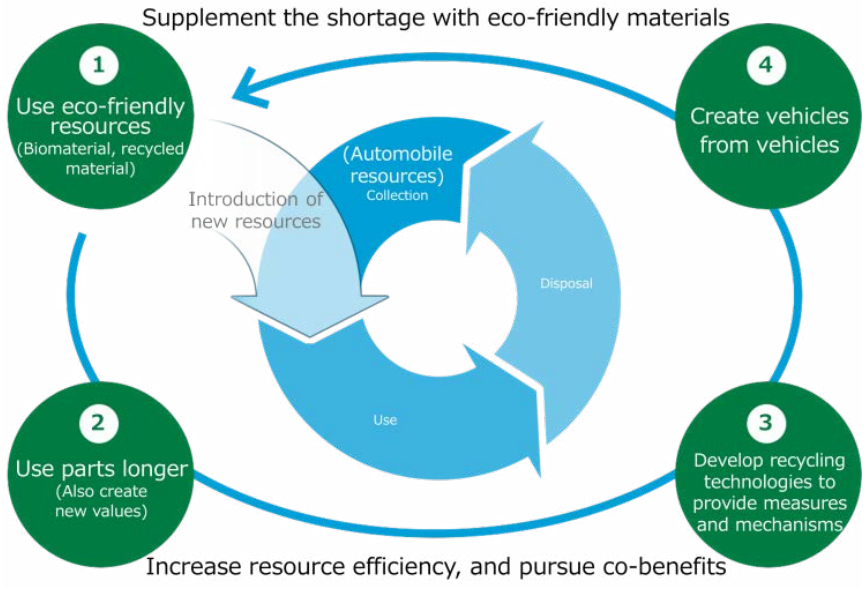
	Weight	**Mandatory/ Voluntary**	**Requirements**
Rubber parts	>200 g	Mandatory	Follow material labelling system for plastic/rubber parts
Plastic parts	>100 g	Mandatory	
	<100 g	Voluntary	Label as much as possible

Documents to be submitted	**Types of products**	**When to submit**	**To who to submit**
IMDS data	OE parts	Upon request	Material Engineering Division

In addition, in order to facilitate the identification of plastic/rubber parts that are suitable for reuse or recovery, we request our suppliers to label those parts by indicating that the material is in compliance with the relevant laws and regulations in Europe, Japan, Korea and USA. Labelling is to be done by following the material labelling guidelines of the European Automobile Manufacturers Association (ACEA).

Promotion of the Use of Renewable and Recycled Materials

With the aim to promote car-to-car recycling toward an ideal resource-recycling based society, Toyota makes efforts to expand the use of renewable resources and recycled materials. To this end, Toyota suppliers are requested to implement resource recycling initiatives.



Concept of car-to-car recycling

Documents to be submitted	Types of products	When to submit	To who to submit
Declaration of Renewable and Recycled Materials	OE parts	Upon request	Material Engineering Division

Promote resource recycling of the delivered products (including service), resource recycling at all operations and in logistics

In order to promote car-to-car recycling, suppliers are requested to reduce resource use in the delivered products, to implement recycling activities within operations and to properly treat after use and to reduce the use of packaging materials in logistics. In addition, applicable suppliers are requested to discuss with the department in charge at Toyota for the material introduction, and must submit the declaration of renewable resources and recycled materials upon request.

5. Establishing a society in harmony with nature

Since its foundation in 1937, Toyota has consistently committed to contribute to a society where people, automobiles and nature coexist in harmony.

Looking forward, we would like to promote conservation activities beyond the Toyota Group and its suppliers.

Therefore, we request our suppliers to give a maximum consideration to biodiversity and implement initiatives in order to establish a society in harmony with nature.

Delivered products (including services) and activities at suppliers' operations which contribute to the preservation and enhancement of biodiversity and promote harmony with nature

Toyota requests that suppliers deliver products and implement activities within their operations with a focus on biodiversity and minimize negative effect on nature.

Furthermore, Toyota encourages collaboration and request suppliers to proactively propose products that contribute to biodiversity.

Deliver products that contribute to biodiversity
Toyota requests suppliers to develop products that minimize the effect on biodiversity, especially in case of using plant-derived raw materials. We will check, where necessary, if there is any effect on the biodiversity during raw material production.

Activities at suppliers' operations that contribute to biodiversity
Toyota requests suppliers to minimize the effect on nature during production. In addition, we recommend our suppliers to collaborate with local stakeholders and NGOs which promote nature conservation and develop such partnerships as much as possible in order to conserve biodiversity.

Harmony with nature by promotion of activities from Chapter 1 to 4

We would like to request our suppliers to promote activities from "1. Enhancing and Reinforcing Environmental Management", "2. Reduction of Greenhouse Gas Emissions", "3. Reduction of impact on water environment" and "4. Promotion of resource recycling" considering a society in harmony with nature.

Glossary

ASR
Automotive Shredder Residue

Accessories
Genuine Toyota accessories installed at Toyota in order to give an added attribute to the vehicle
Examples: floor mats, navigation systems

CLP
The CLP Regulation 1272/2008 (Classification, Labelling and Packaging) is a European Union regulation which aligns the European Union system of classification, labelling and packaging chemical substances and mixtures to the Globally Harmonized System (GHS). It is expected to facilitate global trade and the harmonized communication of hazard information of chemicals and to promote regulatory efficiency. It complements the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Regulation and replaces the current system contained in the Dangerous Substances Directive 67/548/EEC and the Dangerous Preparations Directive 1999/45/EC

CSR
Corporate Social Responsibility

High GWP CFC
Chlorofluorocarbons with high Global Warming Potential which have a big impact on global warming

ELV
End-of-life Vehicle
Any vehicle that has come to the end of its life under the Automobile Recycling Law

EMAS
The Eco-Management and Audit Scheme (EMAS) is the EU voluntary instrument, which acknowledges organizations that improve their environmental performance on a continuous basis

EMC
European Manufacturing Company

IMDS
International Material Data System
Standardized system to collect material data in the automotive industry. Suppliers are requested to enter data on product materials and contained chemicals using a standardized format and process

ISO 14001
This ISO standard outlines the requirements for an environmental management system to enable an organization to develop and implement a policy and objectives, which take into account legal requirements and information about significant environmental aspects

LCA
Life Cycle Assessment.
A method of evaluating a product's environmental impacts throughout its entire lifecycle, from production to disposal

Materials (substances, mixtures)
1. Substance: means a chemical element and its compounds in the natural state or obtained by any manufacturing process, including additives necessary to preserve its stability and any impurity deriving from the process used, but excluding any solvent which may be separated without affecting the stability of the substance or changing its composition
2. Mixture: means a mixture or solution composed of two or more substances

Direct materials
Used in Toyota plants and that become part of the vehicle or unit
Examples: steel, paint, automotive fluids

Indirect materials
Used in Toyota plants, but will not become part of the vehicle or unit
Examples: cleaning solvents, cutting oil

SDAM
Supplier Delivery Assurance Manual

SDS
Safety Data Sheet, in accordance with EU Commission Directives 2001/58/EC, 1999/45/EC, 1967/548/EC and changes as published in the Official Journal of the European Union.
It describes necessary information to safely handle chemical substances

SPPM
Supplier Production Preparation Manual

SQAM
Supplier Quality Assurance Manual

SVHC
Substance of Very High Concern

Parts (articles)
1. An object which during production is given a special shape, surface or design which determines its function to a greater degree than its chemical composition
2. Parts that were developed for the vehicle and are delivered to Toyota plants
3. Service parts and accessories
Examples: bumper, engine, seat, wiper, windscreen, screw

Packaging materials
Materials delivered directly to Toyota, and those used for shipment/transportation of automotive parts

TTIM
Toyota Technical Information Manual

REACH
European Regulation 1907/2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals

SOC
Substances of Concern

Service Parts
Toyota Genuine parts mounted on a vehicle in order to replace parts
Example: side visors, navigation systems, audio equipment

VOC
Volatile Organic Compound
Compounds such as solvents of paints and adhesives that tend to evaporate under normal temperatures and pressures

WVTA
Whole Vehicle Type Approval

Email	When to contact?	Page reference
csr.purchasing@toyota-europe.com	CSR Self-Assessment Questionnaire	13
	Proof of ISO4001, EMAS or other Environmental Management System	29
TME.compliance@toyota-europe.com	Anti-bribery reporting	20
	Conflict of interest reporting	21