Policy for Sustainable Natural Rubber Procurement

Protection of forests and other natural ecosystems is critical for maintaining biodiversity, combating climate change, and sustaining livelihoods. As part of our overall sustainability goals, Toyota Motor Corporation (TMC) has proceeded to eliminate deforestation and ecosystem conversion from our supply chains and aims to safeguard human rights across all our operations and suppliers. Given that natural rubber is a known driver of deforestation, this document outlines our policy to procure sustainable natural rubber and is aligned with the Policy Framework that was adopted in a September 2020 resolution by the General Assembly of the Global Platform for Sustainable Natural Rubber (GPSNR), of which TMC is a member.

This document also respects the principles and guidelines laid out in the UN Guiding Principles for Business and Human Rights and the ILO fundamental conventions.

Scope
The provisions in this document should apply to the natural rubber procured by TMC’s operations. Based on a risk assessment, we recognize that there is a need to prioritize specific products or product types for risk mitigation actions. The immediate focus will be on those suppliers with a high natural rubber usage volume, and thereafter the aim will be to expand.

Our supplier expectations are clearly detailed in the Toyota Supplier Sustainability Guidelines (https://global.toyota/pages/global_toyota/sustainability/esg/supplier_csr_en.pdf), which serves as the basis on how Toyota evaluates and helps its suppliers to maintain or progress towards compliance with the policy stated in this document.

Our policy
Sustainable Natural Rubber
We will work within our own operations and through our suppliers to increasingly procure products containing natural rubber that is produced and processed in line with GPSNR policy requirements, such that it:

- complies with local, national and international laws
- prohibits corruption
- does not contribute to deforestation or destruction of critical wildlife habitats
- protects high conservation values (HCVs) and high carbon stock (HCS) forests (the cutoff date after which deforestation or HCV degradation is considered non-conforming with this policy is 1 April 2019).
- protects water and soil resources
- respect to international norms such as the UN Guiding Principles on Business and Human Rights and the Universal Declaration of Human Rights to tackle issues related to human rights.
- ensures the ability of Indigenous Peoples and local communities (IPLCs) to give or with-hold their free, prior, and informed consent (FPIC) on any activities that might affect their rights, and respects and recognizes the formal and customary land rights of IPLCs in rubber producing regions, and is in accordance with the UN Declaration on the Rights of Indigenous Peoples (UNDPRP)
• respects internationally-recognized labor rights, the ILO fundamental Conventions and all applicable law on workers’ rights, and specifically regarding:
  a) no child labor, forced or compulsory labor
  b) freedom of association and collective bargaining
  c) no discrimination
  d) no abusive practices
  e) legal working hours
  f) safe and healthy workplaces
  g) decent living wages
  h) gender equity
• pays considerations defined in the upcoming implementation guidance to the livelihoods of rubber producers, particularly small farmers, and those communities in rubber producing areas

Due Diligence
To implement and demonstrate progress with our policy and recognize the influential role our company can play in contribution towards a sector-wide transformation, we further proceed to:
• Traceability: We will promote mapping and traceability of raw materials in our supply chain to the appropriate jurisdictional level at which compliance can be verified.
• Risk assessment: We will assess actual and potential environmental and social risks within our natural rubber supply chains and will prioritize risk mitigation actions as defined in the forthcoming GPSNR implementation guidance.
• Supplier engagement: We will work with our existing suppliers to identify, prevent and mitigate environmental and social harms in natural rubber supply chains that violate this policy, and will evaluate the environmental and social performance of new suppliers/partners prior to engagement.
  We require our suppliers to set up a due diligence process aligned with GPSNR policy framework for producing and procuring natural rubber and to implement necessary time-bound measures as defined in the forthcoming GPSNR implementation guidelines. We offer guidance and training to our suppliers to support them in understanding our expectations, relying on technical support from GPSNR. In cases of non-conformance with our Supplier Code, we will develop time-bound implementation plans for moving towards conformance and remediation of past or ongoing harms.
• Dispute resolution: We have a grievance mechanism in place to address any complaints regarding our own operations and to resolve disputes in a fair and timely manner. We also expect our suppliers as well to do as we do.
• Reporting: We will report our progress appropriately in implementing this policy as specified in the forthcoming GPSNR reporting requirements.
• Support for sustainable natural rubber initiatives: We also strive to engage in and contribute to both a multi-stakeholder landscape and supply chain interventions that enable and enhance sustainable natural rubber uptake in the global marketplace.