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Introduction

Toyota Motor Corporation has been embracing a corporate philosophy “Contribute to society through manufacturing cars” as a starting point since its foundation with a focus on providing innovative and high-quality products and services in order to contribute to sustainable social development.

Based on the managerial concept, values and methods since its foundation, we have compiled the corporate philosophy as “Guiding Principles at Toyota”, and additionally we formulated the “Toyota Earth Charter” in 1992, which specified policies for environmental initiatives, and revised it in 2000.

“Respect for the planet” was raised as one of the key elements in the “Toyota Global Vision” announced in 2011 from environmental perspective.

Regarding these notions as our basic fundamental principles, we have been proceeding with our business operation in an environment-conscious manner.

However, global environment is getting serious every year because of rise in sea level, extreme weather, resource depletion, waste treatment and nature destruction caused by global warming, mass consumption of resources and human-induced development. Under these circumstances, corporations are required to do the business operation with further respect for environment.

In light of this background, we formulated and announced “Toyota Environmental Challenge 2050” in October 2015 to reduce environmental impact and aim for “Challenge to Zero and Beyond.”

At the time of revising the “TOYOTA Green Purchasing Guidelines” this time, we extensively focused on addressing environmental issues that companies should consider based on the said challenge, and substantially enhanced the contents especially expansion of environmental management, reduction of greenhouse gas emissions, impact on water environment, promotion of resource recycling and establishment of a society in harmony with nature.

We will proceed with business operation to aim for harmonizing with global environment ever more. We will not be able to achieve it without our business partners’ cooperation. To this end, we would like all business partners to understand our corporate philosophy and intent of this revision, and follow the new TOYOTA Green Purchasing Guideline to further environmental initiatives.

K Masui
Chief Purchasing Officer
Senior Managing Officer
We need to take on new challenges that consider the world 20 or 30 years in the future, in order to remain closely aligned with the global environment. This means not merely trying to reduce environmental impact as close to zero as possible, but at the same time, looking beyond zero, challenging ourselves in all-Toyota initiatives toward a net positive impact.

It also means a further strengthening of these initiatives in collaboration with all stakeholders who share our aspirations. We will consolidate new ideas, dynamism and technology to tackle together the realization of a truly sustainable society.

**Toyota Environmental Challenge 2050**

**Challenge of Achieving Zero CO₂**

1. **CO₂ 0**
   - New Vehicle Zero CO₂ Emissions Challenge

2. **CO₂ 0**
   - Life Cycle Zero CO₂ Emissions Challenge

3. **CO₂ 0**
   - Plant Zero CO₂ Emissions Challenge

**Toyota Environmental Challenge 2050**

**Challenge of Minimizing and Optimizing Water Usage**

4. **Water Usage**
   - Challenge of Minimizing and Optimizing Water Usage

5. **Challenge of Establishing a Recycling-based Society and Systems**

6. **Challenge of Establishing a Future Society in Harmony with Nature**

**PLUS**

**Net Positive Impact Challenge**

**Challenge to Zero & Beyond**
Revision Details

We revised this guideline in light of the Toyota Environmental Challenge 2050 and external trends. The overview of each chapter is as follows.

1. Establishment of Environmental Management System 《Enhanced initiative》
   In order to perform supply chain management entirely, business partners and your upstream business partners (e.g. your tier 1 or tier 2 suppliers) are required to confirm the environmental management system. You are also required to consider environmental impact throughout the product life cycle when you promote the environmental management system.

2. Reduction of Greenhouse Gas Emissions 《Enhanced initiative》
   Business partners are requested to develop products and services that reduce greenhouse gas (GHG) emissions, and reduce GHG emissions at your operation base and in logistics.

3. Reduction of Impact on Water Environment 《Enhanced initiative》
   Business partners are required to reduce impact on natural environment caused by water usage at operation base.

4. Promotion of Resource Recycling 《Enhanced initiative》
   In order to promote usage of recycling materials, Toyota requests that business partners develop technology and products that use recycling materials or recyclable materials and products considering proper treatment. Furthermore, you are required to reduce waste at operation base and usage of packaging materials in logistics.

5. Management of Chemical Substances 《Updated details》
   We have updated the information according to the practical operation. Please confirm the details and follow the guidelines.

6. Establishment of a Society in Harmony with Nature 《New》
   Business partners need to consider biodiversity in the product and service, and implement various initiatives to establish a society in harmony with nature.
Requests for Business Partners

Toyota focuses on environment-friendly business operation. We will confirm the following requests in the practical business operation accordingly and will request for necessary improvements considering the results. We request all business partners to understand the details of each chapter and follow this guideline. Furthermore, we reiterate that legal compliance in each country or region is the fundamental assumption.

List of requests

<table>
<thead>
<tr>
<th>Items</th>
<th>Applicable business deal</th>
<th>Boundaries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Product, Service*</td>
</tr>
<tr>
<td>1.1 Establishment of Environmental Management System</td>
<td>Establishment of environmental management structure</td>
<td>All</td>
</tr>
<tr>
<td>1.2 Promotion of environmental management throughout the product life cycle</td>
<td>Promotion of environmental management throughout the product life cycle</td>
<td>All</td>
</tr>
<tr>
<td>2 Reduction of Greenhouse Gas Emissions</td>
<td>Reduction of GHG emissions throughout the product life cycle</td>
<td>All</td>
</tr>
<tr>
<td>3 Reduction of Impact on Water Environment</td>
<td>Reduction of impact on “water resource” and “water quality”</td>
<td>All</td>
</tr>
<tr>
<td>4 Promotion of Resource Recycling</td>
<td>Promote resource recycling of delivered products and resource recycling at operation base and in logistics</td>
<td>All</td>
</tr>
<tr>
<td>5 Management of Chemical Substances</td>
<td>Management of elimination or reduction in use of chemical substances in relation to “parts, accessories, raw materials” for vehicles and outsourcing development vehicles including packaging materials for these products</td>
<td>Outsourcing development vehicles, parts, accessories, raw materials, packaging materials</td>
</tr>
<tr>
<td></td>
<td>Management of elimination or reduction in use of chemical substances in relation to “raw materials, indirect materials, packaging materials used at operation base”</td>
<td>Raw materials, indirect materials, packaging materials, equipment, construction, cleaning landscape</td>
</tr>
<tr>
<td></td>
<td>Management of elimination or reduction in use of chemical substances in the business activities of the business partners</td>
<td>All</td>
</tr>
<tr>
<td>6 Establishment of a Society in Harmony with Nature</td>
<td>Consideration to biodiversity and promotion of harmony with nature</td>
<td>All</td>
</tr>
</tbody>
</table>

*1 Product and Service: Outsourcing development vehicles, parts, accessories *, raw materials, indirect materials **, packaging materials ****, equipment, construction, cleaning and landscaping  are applicable. (Logistics service is applicable to “3.”)

*2 Operation base: Plants, R&D centers, offices, sales offices and logistics facilities where they are relevant to business operation. (Logistics partners and service providers are also included.)

*3 Logistics: Delivery logistics and logistics performed at the request of Toyota *2 are applicable.

Business deal category by basic agreement

<table>
<thead>
<tr>
<th>Business deal</th>
<th>Applicable basic agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Outsourcing development vehicles, parts, accessories</td>
<td>Business partners who concluded a “Customize and Redesign Supply Basic Agreement” or a “Parts Supply Basic Agreement”</td>
</tr>
<tr>
<td>b) Raw materials, indirect materials</td>
<td>Business partners who concluded a “Materials Supply Basic Agreement”</td>
</tr>
<tr>
<td>c) Packaging materials</td>
<td>Some business partners who have concluded a “Materials Supply Basic Agreement” or a “Parts Supply Basic Agreement”, and business partners who have a contract for equipment packaging work</td>
</tr>
<tr>
<td>d) Logistics (request of Toyota)</td>
<td>Some business partners (logistics companies) who have concluded a “Service Outsourcing Basic Agreement”</td>
</tr>
<tr>
<td>e) Equipment, construction, cleaning, landscaping</td>
<td>Business partners who have concluded an “Equipment/Facility Supply Basic Agreement”, a “Construction Subcontracting Basic Agreement” or a “Service Outsourcing Basic Agreement”</td>
</tr>
</tbody>
</table>

Toyota has been promoting various environmental initiatives through communication with a contact person who takes responsibility for the environment in business partners. We request that new business partners assign such person, and continuously promote internal environmental initiatives.
1 Establishment of Environmental Management System

1.1 Establishment of Environmental Management Structure

Toyota undertakes systematic management of environmental conservation activities and engages continuously to improve these activities. As Toyota’s business partners, you are required to establish environmental management, and implement such activities for continuous improvement.

Establishment of environmental management structure

In order to ensure proper environmental management, as our business partners, you are required to acquire and renew “ISO14001” or other certification systems approved by a third-party certification organization. We will check on the certification acquisition status of our business partners accordingly.

Additionally, in order to realize the entire supply chain management, business partners are required to confirm, advise and direct on environmental management system to the upstream business partners, (e.g. your tier 1 suppliers) and roll out and enlighten them to the farther level where necessary.

<table>
<thead>
<tr>
<th>Applicable business partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
</tr>
</tbody>
</table>

(*) Please consult applicable standards accordingly.
1.2 Promotion of Environmental Management throughout the Product Life Cycle

Toyota has been introducing comprehensive Eco Vehicle Assessment System (LCA). We evaluate and strive for reduction of environmental impact in each stage of the product life cycle. Our business partners need to consider environmental impact throughout the product life cycle from the development stage, and implement initiatives to reduce such impact on environment.

Promote environmental management throughout the product life cycle of the delivered goods and respond to Eco-VAS (LCA)

Business partners are required to promote environmental management throughout the product life cycle and submit Eco-VAS (LCA) data to confirm environmental performance.

a) Promote environmental management considering throughout the product life cycle of the delivered products


Example of the product life cycle of the delivered products (The following icons from ① to ⑦ correspond to the description on Page 7 to 8.)

1. Materials purchased (Purchased by business partner)
2. Operation base (Production at business partner)
3. Logistics (Delivery of logistics)
4. Vehicle assembly (Production at Toyota or equipment use)
5. Logistics (Logistics at the request of Toyota)
6. Use (Customer use)
7. Waste & Recycle (Disposal and recycling of end-of-life products)

b) Respond to Eco-VAS (LCA)

In order to confirm environmental performance, we request business partners who deliver to the applicable parts and raw materials for Eco-VAS (LCA) to submit Eco-VAS (LCA) related data (such as energy consumption volume during parts or raw materials production, GHG, NOx emissions to the air, and waste volume etc.) In June each year, our responsible person requests business partners for submission of “Parts Manufacturing Environmental Data Survey Form”. Please follow the “Parts Manufacturing Environmental Data Survey Guidelines” and submit by the end of August.

In the scope of Eco-VAS (LCA), we may confirm the change in the environmental impact of any newly adopted parts or design modified parts in comparison with existing parts. For those who will be the intended business partners for Eco-VAS (LCA), our responsible person will directly communicate with you for more details of submission data.

The chief engineer responsible for vehicle development sets the environmental impact reduction targets for a vehicle at the planning stage, and continually checks target-achievement status from the start of the development process through to the start of production.

Items for assessment of the environmental impact under Eco-VAS are (six categories) fuel efficiency, emissions, noise, disposal recovery rate, substances of concern, and life cycle environmental impact.
2 Reduction of Greenhouse Gas Emissions

Toyota evaluates greenhouse gas (GHG) emissions throughout the product life cycle and strives to reduce them. Operation bases including worldwide consolidated companies set ambitious GHG emissions target to work on various environmental improvement activities. Our business partners need to take an active approach to reduce GHG emissions by evaluation of product or service life cycle and target setting at your operation bases.

Reduce GHG emissions throughout the product life cycle of the delivered products (*)

Throughout the product life cycle (life cycle icons from ① to ⑦ on Page 6), business partners are required to develop low GHG emission products and proactively make a proposal on daily work to us.

a) Reduction of GHG emissions by materials purchased (Life cycle ①)

Business partners are requested to implement the following activities to reduce GHG emissions from the products you purchased (from as far back as upstream procurement to production)

- Reduce usage of raw materials by using weight saving of parts
- Promote low GHG emission raw materials during production
- Promote usage of recycling materials
- Promote usage of biomass materials

Applicable business partners

All

b) Reduction of GHG emissions at operation base (Life cycle ②)

Business partners are requested to manage and reduce actual GHG emissions during production. Also, we will confirm overall GHG emissions and reduction activities at operation bases other than production base such as plant, R&D facility, office, sales offices and logistics facility by designated survey format. (We will directly communicate with the intended business partners.)

Applicable business partners

All

c) Reduction of GHG emissions at logistics (Life cycle ③, ⑤)

Business partners are requested to reduce GHG emissions from delivery logistics ¹) and logistics performed at the request of Toyota ²)

1) Delivery logistics (③)

Business partners are requested to reduce GHG emissions from delivery logistics. Document submission is not required, however, we will confirm activity status where necessary.

2) Logistics performed at the request of Toyota (⑤)

Business partners are requested to grasp indicators such as fuel consumption, distance traveled and fuel efficiency that indicate monthly results and Gentan-i, and to submit CO₂ emission report of the previous month in a designated form at the beginning of each month in order to regularly report the activity status.

Applicable business partners

1) Parts, accessories, raw materials, indirect materials, equipment

2) Logistics

(*) Including service

Reduce GHG emissions throughout the product life cycle of the delivered products (*)

Throughout the product life cycle (life cycle icons from ① to ⑦ on Page 6), business partners are required to develop low GHG emission products and proactively make a proposal on daily work to us.

Applicable business partners

All

b) Reduction of GHG emissions at operation base (Life cycle ②)

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Applicable business partners

All

c) Reduction of GHG emissions at logistics (Life cycle ③, ⑤)

Business partners are requested to reduce GHG emissions from delivery logistics ¹) and logistics performed at the request of Toyota ²)

1) Delivery logistics (③)

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Applicable business partners

1) Parts, accessories, raw materials, indirect materials, equipment

2) Logistics
<table>
<thead>
<tr>
<th></th>
<th>Reduction of GHG emissions at use stage (Life cycle 6)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>At design and development stage of the delivered products, you are requested to design and develop products that contribute to GHG emissions reduction (fuel efficiency improvement) when completed vehicles are traveling.</td>
</tr>
<tr>
<td></td>
<td><strong>Applicable business partners</strong></td>
</tr>
<tr>
<td></td>
<td>Outsourcing development vehicles, parts, accessories, raw materials, indirect materials</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Reduction of GHG emissions at disposal and recycling (Life cycle 7)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>At design and development stage of the delivered products, you are requested to design and develop products that contribute to GHG emissions reduction when your products are recycled or are of no use.</td>
</tr>
<tr>
<td></td>
<td><em>Please refer to Chapter 4 b) “Develop materials and products considering proper treatment, reuse and recycling at disposal stage of end-of-life products”.</em></td>
</tr>
<tr>
<td></td>
<td><strong>Applicable business partners</strong></td>
</tr>
<tr>
<td></td>
<td>All</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Reduction of GHG emissions (Life cycle 2, 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Business partners who use chlorofluorocarbon (CFC) at your operation base or CFC contained products are requested to change them to low GWP CFC.</td>
</tr>
<tr>
<td></td>
<td><em>In Japan, in order to encourage users to shift to low GWP CFC or non-CFC, “Act on Rational Use and Proper Management of Fluorocarbons” which stipulates proper treatment of used fluorocarbons through their recovery and destruction put in force from April 1, 2015.</em></td>
</tr>
<tr>
<td></td>
<td><strong>Applicable business partners</strong></td>
</tr>
<tr>
<td></td>
<td>Business partners who deal with CFC</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Reduction of GHG emissions from installing equipment (Life cycle 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Business partners are requested to design, develop and propose equipment that contributes to reduce GHG emissions (energy efficiency improvement) from the production equipment delivered to Toyota.</td>
</tr>
<tr>
<td></td>
<td><strong>Applicable business partners</strong></td>
</tr>
<tr>
<td></td>
<td>Equipment</td>
</tr>
</tbody>
</table>
3 Reduction of Impact on Water Environment

“Water resource depletion” is becoming more important issue in the mid-to long-term perspective. Toyota has been promoting reduction of impact (effect) on the “amount of water used” and “water quality”. Specific initiatives are “Introduction of technology development to reduce Gentan-i in water usage” and “Water recycling and establishment of the recycling system”. Thus, our business partners are requested to reduce impact on water environment.

Reduction of impact on “water resource” and “water quality” at operation base

After evaluation is made from the perspective of the water risks, quantity and quality considering water environment in each country or operation base (plants, R&D facility, offices, sales offices and logistics facility), business partners are requested to implement the following activities to reduce impact (effect) on water environment.

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

We will confirm the water risks, countermeasures and the actual amount of water used by a designated survey format. (We will directly communicate with the intended business partners.)
4 Promotion of Resource Recycling

Toyota has been promoting various resource recycling initiatives such as utilization of recycling materials, recyclable design, waste reduction activities in addition to legal compliance in and outside Japan such as Automobile (ELV) Recycling Law in Japan, EU ELV Directive and EU Resource Efficiency Policy. Business partners are requested to implement resource recycling initiatives.

Promote resource recycling of the delivered products (*), resource recycling at operation base and in logistics

In order to promote car-to-car recycling, the concept of reproducing new vehicles from end-of-life vehicles, business partners are requested to reduce dwindling resource usage in products, to properly treat after use, to develop products considering recycling, and proactively make proposals on the daily work to us. You are also asked to reduce waste, to recycle resources at operation bases, and to reduce usage of packaging materials.

Concept of car-to-car recycling

Supplement the shortage with eco-friendly materials

1. Use eco-friendly resources (biomaterial, recycled materials)
2. Use parts longer (also create new values)
3. Develop recycling technologies to provide measures and mechanisms
4. Create vehicles from vehicles

Increase resource efficiency, and pursue co-benefits

a) Develop technology to reduce usage of dwindling resources to be used in the delivery products

In order to reduce the usage of dwindling resources, business partners are requested to develop the following technology and proactively make proposals on daily work to us. We will check on utilization ratio of the recycling materials where necessary.

- Promote resource saving design
- Promote utilization of recycling materials
- Promote closed-loop recycling
- Promote utilization of biomass materials

*For biomass materials, please pay sufficient consideration to biodiversity. (For details, please see Chapter 6 Establishment of a Society in Harmony with Nature.)
### b) Develop materials and products considering proper treatment, reuse and recycling at disposal stage of end-of-life products

Business partners are requested to implement the following activities so that end-of-life products can be properly treated, reused and recycled at the time of disposal, and proactively make proposals on daily work to us.

- Materials selection
- Easy to remove/dismantle
- Easy disposal process
- Longer product life

Furthermore, you are requested to explain the proper treatment method and recycling method where necessary. In the case where it is unlikely to perform proper treatment of the new materials or products, please contact our responsible person in advance.

**Applicable business partners**

| All |

### c) Reduce waste at operation base and promote recycling

For the waste materials at operation bases such as plants, R&D facility, offices, sales offices and logistics facilities, business partners are requested to reduce waste and promote recycling. You are not required to submit any documents to us, but we will confirm your activities where necessary.

**Applicable business partners**

| All |

### d) Reduce usage of packaging materials in logistics

Business partners are requested to reduce usage of packaging materials in logistics. You are not required to submit any documents to us, but we will confirm your activities where necessary.

**Applicable business partners**

| Logistics  
| Outsourcing development  
| vehicles, parts, accessories,  
| raw materials, indirect materials |
5 Management of Chemical Substances

Toyota has been implementing initiatives to manage chemical substances (i.e. elimination or reduction in use) and improving recycling rate ahead of Japanese and overseas legislations, such as the EU ELV Directive, the EU REACH Regulation and the Chemical Substances Control Law of Japan. All applicable business partners are required to deliver parts and raw materials in compliance with laws, Toyota standards, and various quality management manuals pertaining to the following items, and report the history of their use to Toyota.

(1) Management of elimination or reduction in use of chemical substances in relation to "parts, accessories, raw materials (*) for vehicles and outsourcing development vehicles including packaging materials for these products

(*) Materials that remain in the vehicle or part at point of sale

Business partners are required to eliminate or reduce chemical substances at development, design preparation/mass production stage and packaging materials, and to manage materials marking of plastics and rubber products.

a) Management of chemical substances at development/design and mass production stage

■ Please manage chemical substances elimination, reduction and use information control with Toyota technical standards, “Control Method for Substances of Environmental Concern (TSZ0001G)”.

■ In case that newly-parts and raw materials are adopted or changes are made in raw materials including mass change, please make sure to submit data of materials and chemical substances used in products into IMDS by the designated deadline.

For “Control Method for Substances of Environmental Concern (TSZ0001G)”, please use the latest version. Aforementioned document will be revised once a year in accordance with regulation trends in each country and our policy.

Toyota has been implementing IMDS-based material data management globally as a tool for management of chemical substances and recycling rate.

For data entry into IMDS, please refer to “IMDS User Manual” and “Toyota IMDS Data Entry Manual”.

■ When we request survey on raw materials or chemical substance data for individual parts or raw materials to business partners, please make sure to submit data into IMDS by the designated deadline.

■ We may perform process audit of business partners where necessary at the stage of development, design, production preparation and mass production.

■ In order to be consistent with details reported by IMDS, business partners are requested to manage purchasing parts and materials not to incorporate them in the production process. We also ask you to submit data where necessary.

b) Management of chemical substances in packaging materials

■ Please follow “Supplier Manual for Management of Chemical Substances in Packaging Materials (LMS SAZ0001n)”.

■ When introducing new packaging materials, select materials that do not contain any of the prohibited or restricted substances specified in aforementioned TSZ0001G.
c) **Material labeling on plastic/rubber parts**

- Laws and regulations in relation to this issue started from Europe, and it tends to expand.
- In 1992, Toyota adopted material labeling for plastic/rubber parts that meets the international standards regardless of destination.
- This material labeling applies to over weighing 100g plastic parts and 200g rubber parts, however, we ask business partners to label materials weighing 100g or less as much as possible.

<table>
<thead>
<tr>
<th>Applicable business partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outsourcing development vehicles, parts, accessories</td>
</tr>
</tbody>
</table>
(2) Management of elimination or reduction in use of chemical substances in relation to “raw materials (*1), indirect materials, packaging materials (*2) used at operation base

(*1) Materials that don’t remain in the vehicle or part at point of sale (For details, please refer to TMR SAS0120n.)
(*2) Packaging materials which are delivered to logistics centers of Toyota

Business partners are requested to eliminate or reduce in use of chemical substances used in raw materials, indirect materials and packaging materials at operation bases, and materials delivered or brought in to Toyota.

a) Management of chemical substances to be delivered or brought in to Toyota

■ Please ensure that all materials (including oil/lubricant contained in equipment, and agrochemicals and other chemicals) to be delivered or brought in to Toyota do not contain any of the prohibited substances specified in “Banned Substances in Raw Materials and Indirect Materials (TMR SAS0126n)”

b) Management of raw materials and indirect materials

■ When planning to adopt new raw materials or indirect materials, please examine the composition of each material to be delivered, and enter data that is put on the “Toyota Control Substances List”, “Safety Data Sheet (SDS)” into Eco Research Company’s (PRTR WORLD) product registration system to enable prior assessment. After entering the data, a product identification code (global ID) will be assigned. Please inform the adoption planning department of the assigned ID.

■ In order to keep SDS updated, please upload the latest version immediately in case of change in descriptions due to law amendment.

Applyable business partners
- Raw materials, indirect materials, packaging materials, equipment, construction, cleaning, landscaping

(3) Management of elimination or reduction in use of chemical substances in the business activities of the business partners

In addition to (1) and (2), we would like to request our business partners to eliminate or reduce chemical substances in the business activities.

■ Reduction of VOC emissions
■ Reduction in the discharge of substances subject to the PRTR law

Applyable business partners
- All

Ensuring Compliance with REACH and Other Global Regulations on Chemical Substances

Following the World Summit on Sustainable Development held in Johannesburg in 2002, and adoption of the Strategic Approach to International Chemicals Management (SAICM), there have been an increasing number of chemical substance management regulations being implemented globally.

The international trend in regulations on chemical substances is changing from hazard management, which focuses only on the toxicity of individual substances, to risk management, which takes into consideration the degree of impact on people, plants and animals.

For this reason, it is necessary to also consider in what sort of situation the chemical substances are being used. In addition to the Japanese Chemical Substances Control Law, and the European ELV Directive and REACH Regulation, North America and Asia are introducing their own regulations on chemical substances. These regulations require corporations to collect information on the chemical substance content of their products and manage their supply chains.
The following chart shows the list of requests for "5. Management of Chemical Substances". Please confirm and follow this guideline accordingly.

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Applicable products/services</th>
<th>Packaging materials*</th>
<th>Service parts*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outsourcing development</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Raw materials</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Indirect materials</td>
<td>○</td>
<td>○</td>
<td>○</td>
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<tr>
<td>- Cleaning</td>
<td>○</td>
<td>○</td>
<td>○</td>
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<tr>
<td>- Landscaping</td>
<td>○</td>
<td>○</td>
<td>○</td>
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<tr>
<td>Equipment, construction, vehicles, parts, raw materials</td>
<td>○</td>
<td>○</td>
<td>○</td>
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<tr>
<td>- Accessories</td>
<td>○</td>
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<tr>
<td>- Service parts</td>
<td>○</td>
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<tr>
<td>- Packaging materials</td>
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<table>
<thead>
<tr>
<th>Requirement</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous parts:</td>
<td>○</td>
</tr>
<tr>
<td>New parts/design</td>
<td>△</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Timing</th>
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<tbody>
<tr>
<td>All applicable products/services</td>
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</tr>
<tr>
<td>Partially applicable products/services (We will directly communicate to the intended business partners.)</td>
<td>○</td>
</tr>
</tbody>
</table>

*Details shall be instructed individually

*Materials that remain in the vehicle or part at point of sale
*Materials that don't remain in the vehicle or part at point of sale (For details, please refer to TMR SAS0120n)
*Packaging materials which are used for export parts, accessories and service parts

In addition to above, we would like to ask our business partners to reduce VOC emissions and the discharge of substances subject to the PRTR law in the business activities.

Please contact responsible Divisions for obtaining Toyota Standards.

Regarding requests for plastic parts or rubber parts, please see the details on Page 13.
Based on the notion that consideration to nature is premises of continuation of business activities, Toyota understands the importance of nature conservation and biodiversity, and we have been undertaking establishment of a society in harmony with nature. We request that business partners give a maximum consideration to biodiversity, and implement initiatives in order to establish a society in harmony with nature.

Delivered products (*) and activities at operation base which contribute to biodiversity and promote harmony with nature

Toyota requests that business partners deliver products, implement activities at operation base with a focus on biodiversity, and minimize adverse effect on the nature. Furthermore, you are requested to proactively propose products that contribute to biodiversity.

a) Deliver products that contribute to biodiversity
   Business partners are requested to develop products that minimize effect on biodiversity tracking back to raw materials. Especially, in case of using plant-derived raw materials, you are required to substantially consider biodiversity. We will check if there are no effect on biodiversity during raw material production where necessary.

b) Activities at operation base that contribute to biodiversity
   Business partners are requested to formulate environmental policy on biodiversity and minimize effect on nature caused by development. We will check on activity status where necessary. In addition to collaboration or partnership with regions or NGOs which tackle nature conservation, we would like to ask you to implement such activities as much as possible to make nature environment ever better.

c) Harmony with nature by promotion of activities from Chapter 1 to 5
   Promoting activities from “1. Establishment of Environmental Management System”, “2. Reduction of GHG Emissions”, “3. Reduce Impact on Water Environment”, “4. Promotion of Resource Recycling”, “5. Management of Chemical Substances”, which lead to indirectly establishment of a society in harmony with nature. Therefore, we would like to ask you to strengthen such activities considering a society in harmony with nature.
Laws, Regulations and Policy

1. **Automobile (ELV) Recycling Law**
   In order to promote the recycling and proper handling of End-of-Life Vehicles, the Automobile (ELV) Recycling Law enforced in 2005 obliges automobile manufactures and related business operators to play appropriate roles.

2. **EU ELV Directive**
   To reduce the environmental impact of End-of-Life Vehicles, this directive requires member states to restrict the use of chemical substances in vehicle parts and establish a network for recovering ELVs to increase the recycling rate. This directive does not apply to certain chemical substances that cannot be replaced by other substances in consideration of reliability.

3. **EU Resource Efficiency Policy**
   It stipulates the basic policy to aim for establishment of sustainable and high resource efficiency recycling-based society.

4. **EU REACH Regulation**
   It places greater responsibility on industry to manage chemical substances. Under this regulation, each company is required to identify chemical substances used by the company or contained in its product and assess the risks from them.

5. **Chemical Substances Control Law of Japan**
   The law pertaining to the examination of chemical substances, and regulation of their manufacture, etc. enacted in 1974. This law requires prior examination of new industrial chemical substances and regulation of their manufacture and import into Japan depending on the hazardous properties of the substances. The primary objective of this law is to protect human health and plants/animals from possible hazards from chemical substances by evaluating the bioaccumulation potential, degradation properties, and toxicity of chemical substances and controlling their manufacture and import.

6. **TSCA (Toxic Substances Control Act) of the USA**
   This act, instituted in 1976, is intended to protect human health and the environment from exposure to hazardous chemicals. Under the TSCA, the Environmental Protection Agency (EPA) requires information management (reporting and record-keeping), testing, and restrictions relating to chemical substances and/or mixtures, and regulates the production, importation, use, and disposal of specific chemicals.

7. **EU's Packaging and Packaging Waste Directive**
   The directive on packaging and packaging waste, entered into force in 1994 (94/62/EC)
   To reduce the environmental impact by packaging, this directive requires the member states to restrict the use of chemical substances in packaging materials and establish a recovery and recycling system to increase the recycling rate.

8. **EU CLP Regulation**
   EU’s regulation on the Classification, Labeling, and Packaging of substances and mixtures, entered into force in 2009 <(EC) 1272/2008>
   This regulation has replaced earlier relevant directives to comply with the Globally Harmonized System of Classification and Labeling of Chemicals (GHS). This regulation requires EU-based manufacturers and importers of chemical substances to classify the substances by hazard, notify the classification to the appropriate governmental agency, and affix labels to chemical substances.

9. **PRTR (Pollutant Release and Transfer Register) System**
   PRTR is a system to grasp and collect data, and disseminate information on the amount of various hazardous chemical substances released in the environment, transferred from industrial facilities contained waste, and how they generated. Any industrial facility that is using more than a certain amount of specified hazardous chemical substances is required to report the amounts of such chemicals released annually or transferred from facility, whereupon the administrative body collects and disseminate such information.

10. **The Aichi Biodiversity Targets**
   New global target for post 2011 pertinent to biodiversity, which was adopted at the 10th Conference of the Parties in 2010

   National basic plan pertinent to conservation and sustainable use of biodiversity based on “Convention of Biological Diversity” and “Basic Act on Biodiversity”
Other Glossary

(1) ISO 14001
  International standards pertinent to environmental management system

(2) Life cycle
  All stages ranging from raw material procurement, production, distribution, use, maintenance, disposal to recycling of products and services

(3) LCA (Life Cycle Assessment)
  A method of evaluating a product’s environmental impact on products and services throughout the product life cycle, from design, production, use to disposal

(4) Eco-VAS (Eco-Vehicle Assessment System)
  Toyota’s comprehensive environmental impact evaluation system that allows the systematic assessment of the environmental impact a vehicle will have as the result of its production, use and disposal

(5) Low GWP chlorofluorocarbon (CFC)
  CFC with low Global Warming Potential (GWP), which has less effect on global warming.

(6) ELV (End of Life Vehicle)
  Any vehicle that has come to the end of its useful life under the Automobile (ELV) Recycling Law, all vehicles collected by collection operators are defined as ELV.

(7) Closed-loop recycling
  Wastes such as scrap of end-of-life product are recycled into the same products.

(8) Vehicle parts
  Parts for mass-produced or special purpose vehicles, and service parts

(9) Raw materials
  Sheet steel, steel, coating, adhesives, oil, coolants, etc. used at Toyota vehicle production plants

(10) Indirect materials
  Cleaning solvents, cutting oil etc. that are not part of a vehicle but are used at Toyota vehicle production plants. In some cases, paint and adhesive can be included.

(11) Accessories
  Genuine Toyota parts installed at Toyota dealerships (e.g. floor mats, side door deflectors, navigation systems, etc.)

(12) Packaging materials
  Packaging materials delivered directly to Toyota, and those used for the shipment/transportation of vehicle parts and accessories

(13) VOC (Volatile Organic Compounds)
  Volatile organic compounds, such as solvents of paints and adhesives that tend to evaporate under normal temperatures and pressures

(14) IMDS (International Material Data System)
  Standardized system to collect material data in the automotive industry. Suppliers of vehicle parts, etc. are requested to enter data on product materials and contained chemical substances using a standardized format and process.

(15) SDS (Safety Data Sheet)
  This describes necessary information to safely handle chemical substances or raw materials containing chemical substances

(16) GADSL (Global Automotive Declarable Substance List)
  Standardized list of reportable chemical substances in the automotive industry. The list has been agreed upon by the automotive manufacturers, automotive parts suppliers, and chemical manufacturers in Japan, Europe, and the U.S. to use when data is entered into the IMDS.