

4. Environmentally Preferable Purchasing Guidelines

1) Environmental Management System

(1) Philosophy

In selecting suppliers, Toyota Industries considers E (the environment) to be a factor of similar importance to Q (quality), C (cost), and D (delivery). For this reason, suppliers are requested to ensure strict compliance with environmental laws and regulations, systematically manage environmental conservation activities, and establish systems for effecting ongoing improvements.

(2) Request Items

All Suppliers

We request that you establish an environmental management system through acquisition of ISO 14001 certification and other third-party certification (or, if you have already obtained certification, you are requested to maintain it), and report on the status of acquisition of third-party certification.

	Products or components	Raw materials or indirect materials	Equipment, construction, cleaning, or landscaping	Logistics
Acquisition of external certification				
Deadline for new acquisition	March 2007*		March 2009 targeted	

* For industrial classifications of suppliers for which this request was made in the Third Edition.

EMS Certification Standards	
ISO 14001	International Standards Organization
EMAS (EU Eco-Management and Auditory Scheme)	European Commission, Environment DG http://ec.europa.eu/environment/emas/index_en.htm

Documents to Submit to Toyota Industries and When to Submit Them

Document to submit	When to submit
EMS Certification Survey Form	*Every year in August (when requested to submit the company overview) *Whenever it is requested

2) Curbing Global Warming

(1) Philosophy

Phenomena that appear to be caused by global warming, such as abnormal climate conditions and the reduction in the variety of natural life forms, are becoming more prevalent. Because of this, Toyota Industries is striving to reduce the amount of energy consumed and the amount of greenhouse gases emitted through the entire lifecycle of its products, services, and production activities. Suppliers are also requested to proactively participate in the prevention of global warming.

(2) Request Items

All Suppliers

We request that our suppliers practice energy conservation in their business activities, such as development, manufacture, and transport of products and take steps to reduce the amount of greenhouse gas emissions, such as CO₂ and CFCs.

Suppliers of Products and Components

Toyota Industries uses the life cycle assessment (LCA) methods for evaluating the environmental impact of a product or component throughout its life cycle and uses this as an indicator of environmental efficiency as we strive to promote the development of environmentally friendly products. The implementation of LCA requires environmental data about the manufacturing of the product, such as the amount of energy used, the amount of waste material, and the amount of emissions, including CO₂ and NO_x, released into the atmosphere). Accordingly, we ask that you provide accurate reports based on our requests.

Companies Engaged in Consignment Logistics for Toyota Industries

The transportation of freight accounts for approximately 10% of Japan's total energy consumption, and as a result, reducing this consumption of energy is a major issue. Accordingly, Toyota Industries is striving to reduce the amount of CO₂ emissions from logistics. In order to accurately control the amount of CO₂ emissions logistics and make improvements, we are requesting that companies that have been asked to transport or carry the products, manufacturing components, and supply parts for Toyota Industries analyze their performance in regard to the amount of CO₂ emissions created by these consignment logistics and the indicators that form its basic units (the amount of fuel used, distance traveled, actual fuel mileage, transport weight, and type of truck) and provide monthly reports.

Documents to Submit to Toyota Industries and When to Submit Them

Document to submit	When to Submit
Logistics CO ₂ Emissions Report	Beginning of each month (for previous month)

3) Using Resources More Efficiently

(1) Philosophy

In order to effectively utilize our limited resources, Toyota Industries is striving to use resources such as raw materials and water efficiently while also making efforts toward recycling our waste materials. Moreover, as illegal waste disposal grows as a social issue, we are strengthening our monitoring of waste treatment. Our suppliers are also requested to strive to use resources efficiently and properly dispose of waste material.

(2) Request Items

All Suppliers

In order to efficiently use resources, we request the following of you.

- i) Reduce the amount of waste material by such means as reducing the amount of material used, reusing resources and promoting recycling.
- ii) Properly treat waste material. (Prevent illegal waste disposal.)
- iii) Reduce the amount of water used.
- iv) Reduce the amount of packing materials used for shipping materials, components and products.

Suppliers of Products and Components

Toyota Industries is conducting evaluations of the recycling of products and components and requires environmental data. Accordingly, we ask that you provide accurate reports based on our requests.

4) Reducing Environmental Risk Factors

(1) Philosophy

Once an environmental accident such as the release of harmful substances occurs, it will have the potential for causing serious impact on people and the global environment. Moreover, legal regulations relating to substances of concern have been becoming more stringent year by year. To prevent pollution, Toyota Industries is placing emphasis on reducing the use and discharge of substances that have the potential for causing major impact on the environment as well as on complying with environmental laws and regulations. It also implements environmental risk assessments at the planning stages of our business activities. You are also requested to conduct thorough environmental risk management.

(2) Request Items

All Suppliers

We request that you strictly obey environmental laws and regulations based on your environmental management system and, upon identifying the risk factors in your business activities, implement sound preventive measures.

Suppliers of Products and Components

i) Submission of a Prohibited Substances Declaration

As the environmental restrictions for products are strengthened, Toyota Industries perceives obeying such laws relating to products to be the minimum obligations of a corporation and is strengthening its compliance. As one part of this, we request the submission of the Prohibited Substances Declaration when beginning business with new partners.

ii) Nonuse of prohibited substances and switching to alternatives

Toyota Industries established an engineering standard called STSZ0001G in order to manage substances of concern in its own products and has identified prohibited substances and controlled substances. However, as there are products that must comply with the regulations of our customers, we request your response when there is an individual request from Toyota Industries.

iii) Report on substances of concern (environmental data sheets, evidence)

Toyota Industries has an obligation to report environmental data about the automotive components which Toyota Industries manufactures for its customers, and we are also implementing investigations of its non-automotive products based on our own voluntary regulations. As the format for the reports may vary according to the customer, we ask that you provide accurate reports based on our requests.

For raw materials and indirect materials, we are currently implementing prior assessment system to determine whether they can be used. In the future, we may request that you submit environmental data sheets (substance information in Toyota Industries product form) at the time of the prior assessment for raw materials and indirect materials.

iv) Self-inspection of management system for substances of concern

Toyota Industries requests that self-inspection be conducted at its suppliers in order to thoroughly control substances of concern. We request that you conduct self-inspection of the requirements for the management system for substances of concern based on the Check Sheet for the Management System for Substances of Concern and report on the results. In addition, we request that we be allowed to conduct audits as needed with the intent of confirming the actual management conditions at our suppliers.