

IV. 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 practice 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 endeavor with suppliers and Toyota. To succeed in that endeavor, 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 most timely 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:

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.

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.

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.

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.

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:

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>

- 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.

2) Human Rights/Labor

<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 Labor>

- Do not use child labor.
- 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 employee under 18 years of age for hazardous work.
- Bona fide job training or apprenticeship programs permitted under the local applicable laws and regulations may be allowed.

<Forced Labor>

- Do not use forced labor.
- 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.
- Ensure 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 programs 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) Local/Global Community

<Environment>

- Create the systems necessary to carry out environmental preservation activities and continually improve them.
- Promote the management of substances of concern and improve recycling/recovery rates.
- Improve the environmental performance in their business activities including reduction of CO2 emissions, the volume of waste generated, etc.
- Undertake active measures to reduce CO2 emissions and usage of packing and wrapping materials in their logistics activities. (Refer to the Green Purchasing Guidelines of each region/country)

<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.