

# **Standards for Sustainable Procurement of Raw Materials**

**(Ver.3)**

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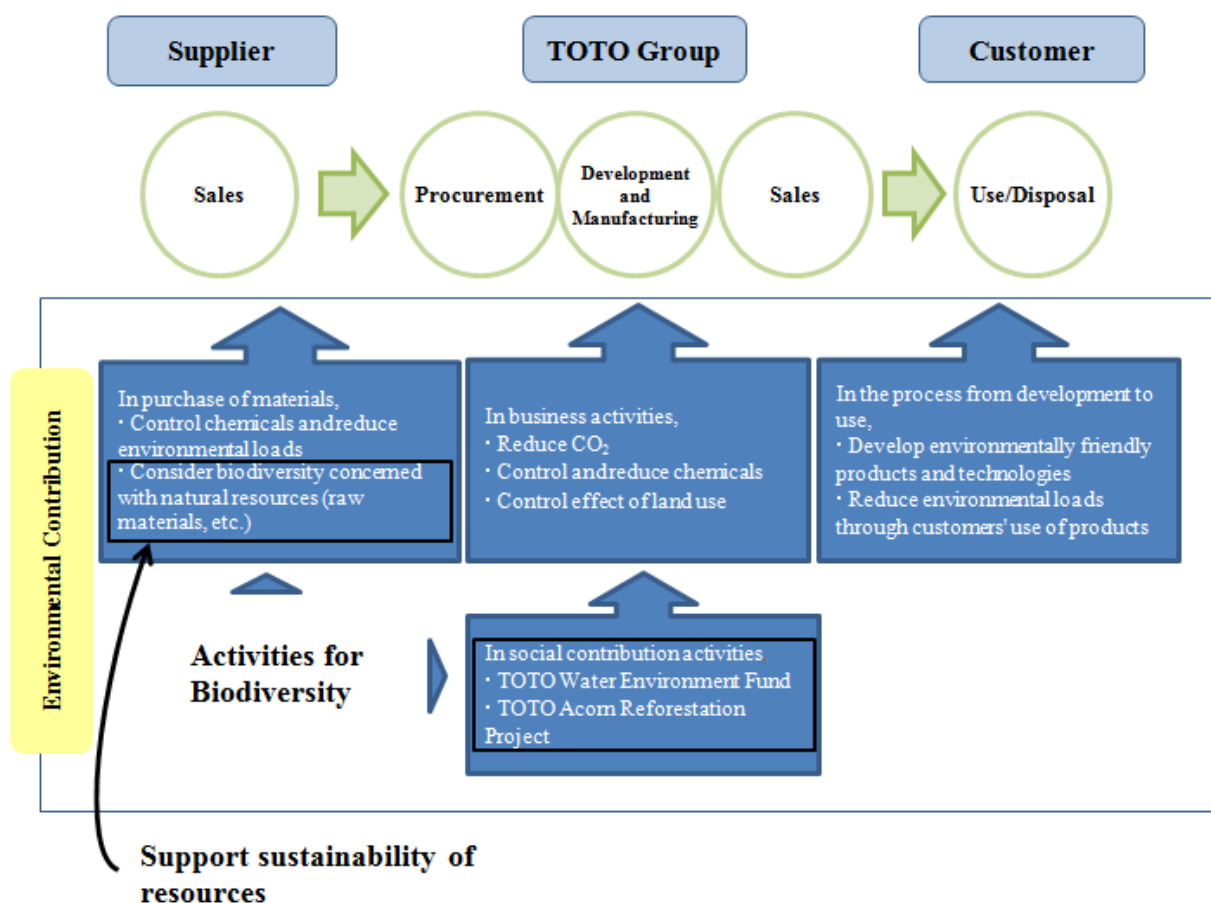
**Purchasing Division, TOTO Ltd.**

**TOTO**

## 1. Introduction

The TOTO Group conducts activities for resource sustainability of earth and stone materials and wood products purchased as raw materials for its products, in addition to environmental protection and regeneration activities through social contribution activities, such as the TOTO Water Environment Fund and TOTO Acorn Reforestation Project.

The TOTO Group requests that its suppliers operate based on the following criteria.



## 2. Material Procurement Policy

The TOTO Group actively promotes activities that take into account the sustainability of raw materials purchased through our companies and suppliers. In addition to legal compliance, we aim to achieve sustainable resources and balanced and stable procurement by implementing CSR Procurement that considers the effects on the environment, ecosystem, and local communities of the place of production when we procure natural resources.

The TOTO Group has established the following guidelines for the procurement of major natural resources.

### **3. Guidelines for Raw Material Procurement**

The TOTO Group prioritizes goods conforming to the following criteria in its purchases.

- (1) Raw materials produced in compliance with the laws and regulations of the place of production
- (2) Raw materials from an environment ensuring activities for safety and hygiene of the labor environment
- (3) Raw materials collected taking effects on the environment and ecosystem of the local area into account
- (4) Raw materials collected taking effects on local residents into account
- (5) Raw materials produced in recycled material

### **4. Plan of Action**

- (1) Evaluation of quality and environment
  - If a product satisfies the customer's quality requirements, the amount of purchase is determined by adding the evaluation of legal compliance and environmental effects to the evaluation of quality and cost.
- (2) Information management and risk assessment
  - Survey information necessary for traceability (country of origin, business flow, etc.) of the raw materials to be purchased, and control such information.
  - Request improvement of any raw material found in the survey to have risks such as non-compliance with applicable laws.
- (3) Verification of lawfulness and sustainability
  - Use questionnaires to survey lawfulness and sustainability
  - Monitor the supplier and place of production as necessary to confirm facts