

Toyota Supplier's

Air Emissions

Continually Disturb Residents

Toyota Motor Supply Chain Pollution Investigation 1



TOYOTA

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2016-9-20

Among automobile brands worldwide, Toyota particularly stresses its fuel-efficient environmentally-friendly performance. In fact, the company recently raised a goal to “reduce negative factors associated with automobiles as close to zero as possible” in its Toyota Environmental Challenge 2050 strategy.¹ However, during an investigation into Toyota’s supply chain, we found that the management and control of pollution from Toyota’s production processes is far from sufficient. Some suppliers are even exceeding legal emissions standards. Toyota’s response when faced with questions about pollution from its suppliers contrasts starkly with the lofty, noble tone Toyota professes in its environmental communications.



(Image from Toyota’s official website)

Air emissions from Toyota’s subsidiary supplier exceed standards

According to China’s national enterprise credit management information system, Kunshan Liufeng Machinery Industry Co., Ltd. (hereinafter referred to as Liufeng Machinery) is chiefly engaged in the manufacture of automobile and engine parts and fittings, aluminium alloy rims, vehicle moulds, energy-saving electronic appliances as well as the die-casting of non-ferrous metals such as magnesium, aluminium and zinc.² Its shareholders include Toyota Tsusho Corporation (Taiwan) Co., Ltd. (of which Toyota Tsusho Corp owns 74.6% of its capital),³ Toyota Tsusho Corp and Lioho Machine Investment (China) Co., Ltd. (whose shareholder is Lioho Investment Ltd.).⁴

The enterprise is part of the Light Metal Business Unit of Lioho Machine Works, Ltd. (hereinafter referred to as Lioho Machine),⁵ whose website indicates that its aluminium alloy rim product customers include not only Toyota but also many other automobile brands such as Honda, Ford, Nissan, Hyundai and Mitsubishi.

¹ <http://www.toyota-global.com/sustainability/features/environment/>

² <http://gsxt.saic.gov.cn/>

³ <http://www.toyotsu.com.tw/econtent/about/about01.htm>

⁴ <http://gsxt.saic.gov.cn/>

⁵

http://www.lioho.com/style/frame/templates6/about.asp?lang=2&customer_id=802&name_id=36591&content_set=color_1&fid=3533



(Image from Lioho Machine’s official website)

In early 2016, environmental group Lvse Jiangnan conducted an on-site investigation of Liufeng Machinery at its factory location on Qingfeng West Road in Kunshan Economic and Technological Development Zone. Their investigation revealed that there are a number of residential zones within a 500 meter radius of the factory.



(Map by Lvse Jiangnan)

During the investigation, local residents described that a disturbing, pungent smell often pervades the areas near the factory site, and that they are unwilling to open their windows. Although the affected areas and extent of the problem vary according to the direction of the wind, the situation has persisted for over a decade and the residents often experience breathing problems and throat pain.

In May 2016, Kunshan Environmental Protection Bureau (EPB) conducted a round of supervisory monitoring in response to residents' complaints about air emissions disturbances filed through the Ministry of Environmental Protection's 12369 hotline. Results show that fugitive odor emissions at a site downwind of Liufeng Machinery exhibited an average concentration of 29 and the highest concentration reached 35.⁶ Yet, the limit stipulated in the Emission Standards for Odor Pollutants is 20 (essentially measureless). Kunshan EPB issued a fine of 100,000 RMB for air emissions exceeding standards.⁷



The screenshot shows the Suzhou Environmental Protection Information Disclosure Column website. The main content is a table with the following details:

38.	昆山市	反映昆山六丰机械工业有限公司废气扰民问题。	<p>经查，<u>昆山六丰机械工业有限公司</u>排放废气主要为涂装废气，由于建厂时间较早，原废气处理设施效果不佳，为改善废气处理情况，该公司于2014年7月起重新设计安装了3套废气处理设施，并于2014年12月底全部安装调试结束并投入使用。昆山市环保局于2016年5月对该公司进行了废气监督性监测，结果显示该公司下风向厂界无组织臭气浓度最大值35，均值29，高于国标要求的排放标准20。昆山市环保局已针对该公司厂界无组织废气臭气超标情况进行立案查处，并下达限制生产告知书，要求六丰立即进行整改，产生的废气必须经治理设施处理后达标排放，并限制生产，减少无组织废气排放，最大限度减轻对周边居民影响。公司目前采取如下措施进行整改：一是更换废气吸附用活性炭，</p> <p>二是大幅降低产能，三是试安装一套除臭设施，进一步提高臭气处理效果。昆山市环保局后续将加大对企业检查力度，增加废气监测的频次，如再次发现废气处理设施不正常运行、废气超标排放情况将依法从严处理。</p>
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(Screenshot from Suzhou EPB's Complaint Resolution Disclosure Section [back left]), and the supervisory monitoring results for Liufeng Machinery [forefront])

In July 2016, Kunshan EPB conducted another round of air emissions monitoring in response to reports from one of the central environmental inspection groups,⁸ during which Liufeng Machinery was found to have exceeded fugitive odor emission standards once again. As a result, a notification was issued for the factory to limit production.⁹

During their investigation, Lvse Jiangnan learned that on July 26, Kunshan EPB initiated a dialogue between local resident representatives and Liufeng Machinery, which was convened at the Hexing Neighborhood Community Committee. The residents requested that the enterprise provide a documented record of the activated carbon purchased for exhaust gas treatment. Liufeng Machinery stated that activated carbon is replaced annually and offered a receipt of the purchase from the previous year, but rejected the request to take photos.

⁶ http://www.ipe.org.cn/En/pollution/com_detail.aspx?id=318455

⁷ http://www.ipe.org.cn/En/pollution/com_detail.aspx?id=323214

⁸ For more information on the central environmental inspection groups dispatched by China's central government, see: www.chinadaily.com.cn/opinion/2016-07/21/content_26165286.htm

⁹ http://www.ipe.org.cn/En/pollution/com_detail.aspx?id=321329

Despite all of this, as of September 1, residents still felt the effects of air emissions from Liufeng Machinery.



(Screenshot of 'Liufeng Pollution Complaint WeChat Group,' messages from August 31 and September 1, 2016, provided by Lvse Jiangnan.)

Toyota's Environmental Commitment: Just for Show?

On its website, Toyota states that "each phase of an automobile's life – design, development, production, use, and post-use – embodies the concept of environmental friendliness toward the planet."¹⁰

In its Supplier CSR Guidelines, Toyota further highlights that it "expects suppliers to comply with the following items to undertake CSR activities:

- Pursue growth in harmony with the environment and aim for zero-emissions in your business activities.
- Establish an Environmental Management System (EMS) that can promote environmental preservation activities and continuously improve them, in addition to comply with applicable environmental laws and regulations in each country.
- Promote proper management for environmental substances of concern as well as improving environmental performance."¹¹

¹⁰ <http://www.toyota.com.cn/about/download/inchina.pdf>

¹¹ http://www.toyota-global.com/sustainability/society/partners/supplier_csr_en.pdf

In response to Liufeng Machinery's air emissions bothering residents, Lvse Jiangnan sent an EMS letter to Toyota Motor (China) Investment Co., Ltd (hereinafter referred to as Toyota China) on July 22. The letter addressed suspicions of environmental violations in Toyota's supply chain. On August 1, Lvse Jiangnan phoned Toyota China and was told that the EMS letter was rejected as it had no clear indication of the recipient. Once again, Lvse Jiangnan sent another EMS letter to Toyota China's social responsibility department. On August 8, upon Lvse Jiangnan's second phone call, Toyota China confirmed that the letter had been received. Toyota China promised to begin a detailed investigation into its contents, but refused to give the contact details of a relevant department head. Up through the completion of this report, no further correspondence had been made by Toyota China.

丰田汽车（中国）投资有限公司：

我们是一家环保组织——苏州工业园区绿色江南公众环境关注中心（以下简称“绿色江南”）。我们通过搭建政府、社会组织、公众、品牌、企业等多方参与的平台，促进多方合作，共同应对环境问题，达成环境目标。

昆山六丰机械工业有限公司（以下简称“六丰机械”）是由台湾六和和丰田共同投资兴建的，以高档铝合金轮圈为主要产品的公司。

在绿色江南的调研中发现，该公司周边经常弥漫着刺鼻的异味，周围小区居民深受其害，苦不堪言。据初步确认，异味来自昆山六丰机械工业有限公司生产中的喷涂工序。据附近居民反映，夜间经常发生刺鼻的味道，严重影响了周边居民的生产生活，给社会造成了恶劣的影响。绿色江南认为，该公司不良的环境行为可能会为丰田公司品牌的社会责任带来了社会风险。

中国正面临环境污染的巨大挑战，而太湖流域的污染风险尤其突出。企业作为社会经济活动的主要参与主体，在创造出经济效益的同时，也产生大量“三废”污染物。环境污染问题成为企业乃至整个国民经济都需面临的一项重要社会问题。企业不能再被单纯地看成是股东共同出资共同受益的组织体，也不能把利益最大化当成惟一目的，尤其是一些高能耗和污染严重的企业，不应该忽略作为社会一员所应承担的社会责任，尤其是对于环境所应负的责任。

随着经济社会的发展和市场环境的变化，广大群众对企业社会责任越来越关注。作为大型品牌，更应带头积极履行环境责任，要求和带动子公司关注环境管理，降低污染物排放，实现绿色发展。

我们建议贵公司能够将绿色生产植入经营管理活动，降低子公司的环境风险，落实子公司的企业责任。为此，绿色江南充分相信丰田公司具有完善的监管子公司的责任体系，也充分相信丰田公司有能力做好品牌的社会责任：

- （1）希望贵司能加强对子公司的责任监管，推动其主动承担社会环境责任；
- （2）希望贵司对子公司的社会责任缺失给予及时回复与说明；
- （3）希望贵公司能够重视环境保护，积极开展同相关利益方的对话沟通。我们会持续观察并作出评价。

苏州工业园区绿色江南公众环境关注中心

2016年7月22日

(Image of the EMS letter from Lvse Jiangnan to Toyota China dated July 22, provided by Lvse Jiangnan)

As early as October 2014, Toyota personnel responsible for environment and procurement for the China region visited the Institute of Public & Environmental Affairs (IPE) to discuss supplier management. In April 2015, Toyota visited IPE again and stated that they had begun using the Pollution Map Database to screen over 400 of their suppliers for environmental compliance, and that they had sent out questionnaires to all the enterprises with violation records to inquire whether the records could be verified. But since then, Toyota has not followed up with any additional explanations. IPE has attempted to contact Toyota three times to find out whether Toyota's suppliers with violations have adopted corrective measures, but Toyota's excuse has always been that they are too busy with projects.

This disturbance to residents from Liufeng Machinery's air emissions once again reveals that Toyota's management of its suppliers in China is far from sufficient. As a result of Toyota's repeated lack of action in the wake of prior communication, Toyota is rapidly falling in rank on the Corporate Information Transparency Index (CITI) and has already dropped behind other Japanese brands that stand as leaders.

CITI Ranking	LOGO	Industry	CITI Score
7		IT	62
14		Personal Care	52.5
20		IT	46.5
21		IT	43.5
23		Textile	42.5
32		Textile	34
33		Leather	31
35		Paper	30
90		Automobile	10.5

(Chart by IPE)

We hereby request that Toyota confront the harmful environmental impacts to local communities resulting from its subsidiary suppliers' excessive air emissions. Toyota must earnestly uphold its environmental commitments and work together with stakeholders, including local environmental groups, to push suppliers to effectively improve their environmental performance.