

**PROPOSAL FOR PUTTING
CORPORATE SOCIAL RESPONSIBILITY INTO PRACTICE
FOR
TOYOTA PEUGEOT CITROËN AUTOMOBILE CZECH, S. R. O.**



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GARDE - Global Alliance for Responsibility, Democracy and Equity - program

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*Elaborated in co-operation with the Environmental Law Service's programmes „Transport“
and „The Right to a Clean Environment“*

November 2004

I. INTRODUCTION

1. In 1999, Toyota Motor Corporation ("Toyota" hereinafter) received—as the first automotive company ever—the United Nations Environment Programme's "Global 500 Award." Meanwhile, the results of the Dow Jones Sustainability Indexes published on September 2nd, 2004, note Toyota as the "leader" for socially responsible behavior within the automotive industry...worldwide. Peugeot, a member of Peugeot Citroën Automobiles S.A. ("PSA" hereinafter) was rated, in The Accountability Rating, published June 23rd, 2004, among the ten most socially responsible companies out of the world's 100 largest multinationals. From the above it should be clear that both of the companies that form Toyota Peugeot Citroen Automobile Czech, s.r.o. ("TCPA" hereinafter) benefit from a very good reputation in the area of corporate social responsibility ("CSR" hereinafter). Both companies have well-developed CSR systems and codexes, and thus it is understandable that the Czech public, too, might justifiably expect these be fulfilled, and that TPCA take a sensitive approach in handling any negative social impacts connected with project implementation and operation of the TPCA plant by Kolín, with a capacity of 300,000 automobiles.

2. On August 11th, 2004, on the basis of a proposal by the mayor of the city of Kolín (the "City of Kolín" hereinafter), a meeting took place between representatives of the GARDE - Global Alliance for Responsibility, Democracy and Equity - program of the Environmental Law Service (an organization of lawyers working to protect the environment and human rights using the law—"EPS" per its Czech acronym hereinafter) on one side of the table and representatives of TPCA, the City of Kolín, and the Czech governmental agency CzechInvest on the other.

The EPS representatives informed all parties involved regarding the concept of CSR, and pointed to the fact that both of the multinationals involved have a strong reputation in this area. And for this very reason, they called TPCA to begin negotiating on concrete steps that will lead to meeting the declared standards of both multinationals. At the meeting, the EPS representatives presented sample proposals for such steps. The TPCA representatives rejected these steps, stating they were insufficiently concrete, and requested they be expressed more concretely. Simultaneously, they declared that they are willing to further negotiate on any eventual proposals of EPS's GARDE program.

In this document, we are calling TPCA to negotiate further regarding the proposals given below and to rectify the illegalities that have occurred in connection with bringing their investment plan to fruition.

3. This document therefore contains the requested concrete expression and summarization of our proposals aimed at meeting the CSR standards of Toyota and PSA in the course of their Czech investment. Meanwhile, EPS would like to note by way of introduction that the proposals contained here do not contain an evaluation of the financial costs connected with their implementation. GARDE EPS is not presenting financial statements for these steps primarily because:

- no financial statement can be prepared without knowing the monetary flows, production potential, and internal organization of both TPCA and of Toyota and PSA separately.
- also, it is not GARDE EPS that should determine these costs, but the very entities that publicly bound themselves to social responsibility.

4. In addition to the proposals, EPS has drafted an analysis of legal difficulties related to the implementation of the TPCA investment plan. It serves as a basis for the proposals we are presenting.

The CSR concept is based on voluntary assumed commitments that go beyond the framework of mere legal obligations. Respecting and upholding the laws of the countries

where a corporation runs its activities is in fact a matter of course, and the basic starting point for every company that wishes to be seen as responsible. EPS's legal analysis shows that a large number of legal discrepancies occurred while implementing TPCA's investment plan. In the below points, we name several of these:

4.1. Insufficient evaluation of the Kolín Production Plant's environmental impact

According to EPS's findings to date, the documentation assessing environmental impact was not composed for the TPCA plant in particular, but only for a general plan for an automobile production plant, without the concrete production technology being known. Therefore, no proper environmental impact assessment for the Kolín Production Plant has been performed. The cumulative environmental impacts of the extra freight and passenger transport made necessary by the plant's operation in the zone have not been evaluated. The noise and dust studies that were drafted for some cases cannot be based on a reliably determined current state of affairs. Thus it is not in any case believable that their conclusions on whether or not legal noise and emissions limits will be exceeded are credible.

The mentioned facts point towards:

4.1.1. a conflict with domestic legislation—both existing legislation¹ and the legislation effective at the time the plan was evaluated²

4.1.2. a conflict with European legislation³

4.1.3. a conflict with article V, paragraph 3 of the OECD Guidelines for Multinational Enterprises (the "OECD Guidelines" hereinafter)

4.1.4. a conflict with principles 7, 8, and 9 of the UN Global Compact

4.1.5. a conflict with PSA's voluntary commitment stating that it "conducts studies to assess the potential environmental impact of each new plant. These studies are repeated at each main phase in the development of the site."⁴ and a conflict with Toyota's voluntary commitment that, "when installing new facilities Toyota assesses the environmental impact."⁵

4.2. The Memorandum of Understanding⁶ contains obligations whose quick fulfillment draws suspicion as to the independence and the legality of the approach of bodies of public administration

The Memorandum of Understanding that was signed on February 12th, 2002 between Toyota and PSA on the one hand and various Czech ministries on the other contains obligations to implement, at the Czech Republic's cost, and within specifically agreed deadlines, the construction of access communications connecting the plant to the D 11 highway (roads no. II/125 and II/328) despite there being no knowledge of the effects of the planned roads on the inhabitants of the affected villages and on nature within the Libický luh nature reserve. Furthermore, highway no. II/125 runs directly through the territory of the mentioned nationally declared reserve, which benefits from the highest degree of protection grantable via Act no. 114/1992 Sb., the Nature and Landscape Protection Act. This, meanwhile, is territory that is planned to belong to the NATURA 2000 pan-European nature protection system. Yet during

¹ Act no. 100/2001, the Environmental Impact Assessment Act

² Act no. 244/1992, the Environmental Impact Assessment Act

³ Council guideline 85/337/EEC, on assessing the environmental impact of certain public and private projects, as amended by Council guideline 97/11/EEC

⁴ Stated at <http://www.sustainability.psa-peugeot-citroen.com/en/index.php?niv1=4&niv2=47&id=2>

⁵ Page 28 of the Environmental Social Report

⁶ The Memorandum of Understanding (Ujednání o porozumění) between Toyota Motor Corporation and Peugeot Citroën Automobiles, S.A. and individual Czech ministries, dated February 2nd, 2002

the permit processes surrounding the reconstruction of II/125, which serves as the industrial zone's access road for the D 11 highway, the potential impact of its functioning on nature in Libický luh was not assessed.

We must also point out here that the Memorandum itself was signed in the time when Act no. 72/2000 Coll. on Investment Incentives was in effect, and thus when agreements with contents of the type contained in the Memorandum were no longer closed, and that the Memorandum is thus an exceptional solution in the favor of both corporations.

The mentioned facts point towards:

4.2.1. above all, a conflict of interest among the bodies of public administration that had the decision-making authority in the case.⁷ Further, the obligations arising from the mentioned Memorandum mean a possible breach of other public law norms⁸.

4.2.2. potential conflict with European legislation⁹

4.2.3. conflict with Article II paragraph 2 and Article V paragraph 3 of the OECD Guidelines

4.2.4. conflict with principles 7, 8, and 9 of the UN Global Compact

4.2.5. conflict with PSA's voluntary commitment to "protect the natural environment and to safeguard quality of life in the areas around its industrial sites, in all countries"¹⁰ and Toyota's commitment, stated in the Third Toyota Environmental Action Plan, for "further promotion of proactive prevention measures" and "further enhance measures to prevent legal non-compliance and complaints."

4.3. The Memorandum of Understanding signed at the cabinet level, together with the one signed with the City of Kolín¹¹, contains provisions suggesting evident illegality of the plant's structures, primarily of their building permit and land-use decision

The mentioned provisions contain a list of persons participating in the coordination and implementation of the TPCA investment plan. The Project Realization Team includes among the persons "responsible for the smooth implementation of the project, approval proceedings, construction and commencement of the production" the head of the project EIA team at the Ministry of Environment—the person responsible for issuing the final EIA statement on the matter in question. Likewise the head of Kolín's Building Office, responsible for issuing the land-use decision and the building permit, is also a member of the Project Realization Team.

The mentioned facts point towards:

4.3.1. the conflict of interest among the public administration bodies that were responsible for decision-making in the matter¹², and the illegality of the decisions issued—especially the EIA statement, construction permit, and land-use permit—that this implies

4.3.2. conflict with Article II paragraph 2 and with Article VI of the OECD Guidelines

4.3.3. By closing the mentioned agreements, Toyota in no way proceeded in accord with its voluntary commitment to ensure "zero existence of illegalities" as described in the Third

⁷ Per the definition given in § 9 and following of Act no. 71/1967 Sb., the Czech Administrative Code

⁸ Domestic legal norms contained primarily in the following legal regulations: Act no. 100/2001 Coll., the Environmental Impact Assessment Act, Act no. 50/1976 Coll., the Construction Act, 71/1976 Sb., Act no. 76/2002 Coll., the Integrated Pollution Prevention Act, Act no. 114/1992, the Nature and Landscape Preservation Act, and others

⁹ Primarily the already-mentioned EIA guidelines, but also the IPPC guidelines as well

¹⁰ Stated at <http://www.sustainability.psa-peugeot-citroen.com/en/index.php?niv1=4&niv2=42&niv3=3>

¹¹ The Memorandum of Understanding (Ujednání o porozumění) between Toyota Motor Corporation and Peugeot Citroën Automobiles, S.A. and the City of Kolín, dated February 2nd, 2002

¹² As defined in § 9 and following of Act no. 71/1967 Sb., the Czech Administrative Code

Toyota Environmental Action Plan, and PSA did not contribute to increasing risk control and environmental protection, as described in its action plan.

4.4. The contracts between TPCA and the City of Kolín contain numerous commitments that in their end result bind the City of Kolín to proceed in conflict with the law

The contract on the future purchase contract and the contract on cooperation in preparing the construction grounds, closed between TPCA and the City of Kolín, contains a number of obligations in the multinational's favor, which could be qualified as provisions in conflict with business ethics, as they bind the city to not fulfill the obligations assigned to it by law and mean a threat to the public rights of all entities that should have the right to take part in administrative processes, because:

- under Article 5.1.5, the City of Kolín will commence the proceedings and will try to expropriate certain territory defined in the agreement to aid siting of a railway siting and transportation to the TPCA plant, and meanwhile under article 8.2.2, these proceedings must, under threat of contractual fines, be complete by February 28th, 2003, and this even if a third party (and thus a landowner whose land is being expropriated) submits an appeal against the expropriation.
- it is clear from Articles 5.1.1. and 5.2.1. and other contractual obligations that the City of Kolín will be submitting the request for the issuing of a land-use decision for the construction of the TPCA plant rather than TPCA itself. At the same time, the city of Kolín is, in light of the structure of the Municipalities Act (details can be found in the legal analysis), the very body of the state administration responsible for issuing for a decision. Furthermore, the head of the construction office (an employee of the City of Kolín) is responsible for the issuing of this decision and is at the same time in the Project Realization Team for the building of the TPCA plant. At the same time, the City of Kolín took on the obligation to ensure that the decision it issues does not contain any conditions unacceptable for TPCA thinking in good faith.
- The contracts contain an obligation for the City of Kolín to prevent any appeals put forth by third parties and, if any such appeal is put forth, the City of Kolín is obligated to take all steps possible under Czech law to ensure that it is solved in such a way so as not to prevent the plant's construction, implementation, or operation, and not to delay construction or operation of the TPCA plant or a rise in the construction or operation costs.

The mentioned contractual provisions entirely put into doubt the independence of the relevant public administration bodies in the course of their decision making regarding the TPCA plant, and render the issued decisions illegal. They simultaneously are entirely against the letter and spirit of corporate social responsibility for multinational corporations, and under certain circumstances, the actions of both the state employees and corporate employees could be considered as qualifying for the filing of a criminal suit.

4.5. TPCA's request for an exception to the restriction on freight-transport traffic on Sundays and holidays would, if granted, mean bypassing of the law

TPCA is requesting a permit for an exception to the ban on freight traffic on Sundays and holidays as defined in § 43 paragraph 5 of Act no. 361/2000 Sb., the Road Transport Act. But under the provisions of that law, such a permit can only be granted for a defined period of time, and cannot be issued for a period of longer than one year. The directive defining how this act will be implemented¹³ goes on to also restrict the contents of a request for such an exception. Among other things, it contains an obligation to list license plate numbers,

¹³ directive no. 30/2001 Coll., which defines in detail the rules for road traffic and defines how road traffic will be structured and governed

types, makes, and brands of vehicles for which the exception is requested. From this it is clear that granting such a request is crafted to accommodate occasional special cases. It cannot be expected that the TPCA plant would be in operation for no more than one calendar year or that supplying of the plant would involve only a small number of freight vehicles. The true length of the exception (from a formalistic standpoint it can, of course, be extended each year) and the number of freight vehicles that will receive the exception go against the sense of the restriction on freight-transport traffic on Sundays and holidays as defined in § 43 paragraph 1 of the Act, and it is logical that even the legal framework for granting such exceptions is not crafted for this exception. Thus in the case where TPCA is granted this exception, there can be no doubt that it will have been granted due to the exceptional economic potential of TPCA and the power that this potential brings for this corporation.

If the exception is granted, the following will have occurred:

4.5.1. an infraction of § 43 of Act no. 361/2000 Sb., the Road Transport Act, gaining unjustified advantages in economic competition;

4.5.2. a possible conflict with European legislation;

4.5.3. a direct infraction of Article II, paragraph 5 of the OECD guidelines

The ultimate meaning of the above is that the approach to date of both corporations (Toyota Motor Corporation and PSA Peugeot Citroën) have, while promoting their investment in the Czech Republic, not only broken with their publicly declared voluntary CSR commitments, but also, and more importantly, have broken with CSR altogether, and what is more, are even breaking the law.

II. PROPOSALS

A. GENERAL DEMANDS REGARDING THE FUNCTIONING OF TPCA

1. Creating CSR Rules for TPCA

1.1. This demand is based on the consideration that TPCA is a joint venture of two competing companies. Each of them has its own management system and, more importantly from the standpoint of CSR, each declares different voluntary commitments. It is thus necessary, for the given joint venture, to unify the CSR system of this plant, so that TPCA's actions are transparent for the public, not unpredictable.

1.2. Both companies' action plans contain, alongside concrete goals related to the given company's overall CSR strategy, a road map for cooperation on the local level that assumes interaction with local citizens and NGOs. TPCA should thus spell out of how to fulfill the proclaimed aims of both companies in relation to communities surrounding the plant in question. For this reason, the rules for both companies' behavior should contain the most concrete boundaries possible for their proclaimed commitments, so that neither company can be accused of unjustified attempts to whitewash their reputations and their products.

2. Meeting the EMAS Standards

2.1. The management of the TPCA plant is aiming to obtain an ISO 14001 certificate. We welcome this initiative, of course. However, in light of the fact that both participating companies have a strong CSR reputation and that PSA, additionally, is publicly proclaiming as one of its goals the expanding of the criteria for applying ISO 14001, we consider it logical—and doubly so in an EU member country like the CR—that they meet the EMAS II standard as defined in the Regulation (EC) No. 761/2001 of the European Parliament and of the Council of March 19th, 2001 allowing voluntary participation by organizations in a Community eco-management and audit scheme (EMAS) (the “regulation” below). In connection with this, we must point out that, in some EU countries, the number of enterprises meeting EMAS standards is higher than the number that merely meets ISO 14001 standards. Considering both companies' emphasis on the environment, especially in their marketing activities, we consider it desirable that TPCA move forward to these standards.

2.2. We are aware that even just achieving the standards necessary to qualify for ISO 14001¹⁴ means introducing certain specific internal processes, which demands time and thus money. The EMAS II requirements, as can be seen in the regulation, are somewhat more demanding in this respect, but they are fully compatible with ISO 14001. EMAS II differs primarily in the following areas:

- the EMAS system can only be introduced for an enterprise as a whole, not merely for one of its parts, unlike ISO 14001
- EMAS includes a mandatory entrance evaluation (environmental review), unlike ISO 14001
- EMAS demands a declaration on the state of environmental matters
- EMAS sets a specific maximum audit cycle length, unlike ISO 14001

2.3. In light of both companies' high credibility and their intense interest in the CSR issue, we expect that they will accept in a positive light our further, specific requests for the TPCA plant, related to the practical implementation of the EMAS II system. These are intended to improve that effectiveness of the whole system. Concretely:

2.3.1. the audit demanded by EMAS should always be performed by a person from outside the company;

¹⁴ Action Plan, Industrial

- 2.3.2. the audit should be performed at least once every two years;
 - 2.3.3. no person should perform the TPCA audit more than twice in a row;
 - 2.3.4. TPCA should pay special attention to the negative environmental impacts caused by transportation connected with the plant's operation—both passenger and freight transportation (compare this for reference with Article 2, point g) and Article 6.2, point g) of its Appendix 6);
 - 2.3.5. the entrance evaluation should include a detailed evaluation, as defined in Article 2, point g) of the regulation and Article 6.2 point i) of its Appendix 6, of impacts on Libický luh, and primarily of transportation structures built due to TPCA needs—concretely of road no. II/125 and operations upon it;
 - 2.3.6. the public should have a chance to participate in the defining of environmental aspects as defined in Article 2, point f) of the regulation and Article I.A.3.1 of its Appendix 1. In connection with this, GARDE EPS can offer its services for drafting procedural rules for public participation.
 - 2.3.7. the public should have a chance to participate in setting up an environmental program, as defined in Article I.A.3.4 of Appendix 1 of the regulation. In connection with this, GARDE EPS can offer its services for drafting procedural rules for public participation.
- 2.5.** In light of the above, we propose that TPCA meet the EMAS criteria by December 31st, 2005 at the latest, and that a registration request be filed by January 31st, 2006 at the EMAS Agency in *Český ekologický ústav* (the Czech Environmental Institute).

3. Putting Global Reporting Initiative (GRI) Standards Into Place

The GRI standard is nothing new for either of the corporations participating in the TPCA joint venture. It is used, for example, in Toyota Motor Europe, Toyota Australia, and in PSA Peugeot Citroën France. The latter is additionally a member of the GRI working committee that is creating an automotive-industry supplement for the GRI standards. Both companies are also members of Global Compact and it thus can be expected that they have an interest in activities aiming to develop the standards introduced by the UN Environment Programme. We thus propose that TPCA institute a regular, at least bi-yearly, sustainability report on its activities on the basis of the Sustainability Reporting Guidelines introduced by the GRI.¹⁵

4. Support for the Civic Sector and Local Communities

4.1. Both of the companies in the TPCA venture are involved in philanthropy. One of the priorities of the PSA action plan for increasing social responsibility is the introduction of a Local Sponsorship Plan at every plant site. Toyota, meanwhile, is a member of the Japanese Business Federation's 1% Club, and thus provides (more than!) one percent of its revenues for philanthropic goals. Therefore, in our opinion, TPCA should prepare a strategy for involvement in the communities that it influences through its production and whose resources—human, cultural, and natural—it utilizes, and this before commencing production.

4.2. We find that the most appropriate approach for implementing this proposal would be to order the preparation of a strategy proposal from an institution specializing in this, and one with the appropriate level of experience and credit (and, ideally, renown). The strategy should contain the following bases:

¹⁵ All of this information is available at: <http://www.globalreporting.org>. However, in light of the fact that the parent company, PSA Peugeot Citroën, is applying GRI standards and is a member of the mentioned working group, TPCA already has good access to all information concerning this issue.

- 4.2.1. an analysis of the region's social and environmental needs, including the absorption capacity of civic structures;
- 4.2.2. the need for TPCA's social integration into the region;
- 4.2.3. the global priorities, principles, and standards of Toyota, Peugeot, and Citroen;
- 4.2.4. the priorities of TPCA management;
- 4.2.5. the limits to the financial and human resources that can be freed up for active politics of corporate social responsibility (utilizing for example 1% of pre-tax gross profit);
- 4.2.6. an obligation to consult strategy with a broad spectrum of regional social partners.

4.3. We also propose that TPCA choose a member of top management to be responsible for implementing the proposed approach, and grant him or her sufficient decision-making power and access to strategic information to do so.

B. TAKING RESPONSIBILITY FOR THE NEGATIVE IMPACTS OF IMPLEMENTING AND RUNNING THE TPCA PLANT

1. An independent study of external impacts of the plant used by TPCA and its subcontractors, with an accent on traffic burden. Active reduction of traffic burden

1.1. In light of the findings contained in EPS's legal analysis, we can justifiably doubt the quality of the administrative decisions issued for the needs of implementing the TPCA investment plan—not only the EIA, land-use, and building-permit decisions, but also the decision for the IPPC process (which in fact is not yet public to date, though the deadline for this has passed). The outcome of this is an unconvincing and entirely insufficient evaluation of all environmental and social impacts of the Kolín-Ovčáry Industrial Zone.

As of course you know, alongside the main production plant of TPCA s.r.o. there will be four other, related plants of the companies GEFCO Česká republika s.r.o., LEAR Corporation Czech, s. r. o., NYK Logistic (Czech republic) s. r. o. and Toyota Tsusho Europe S. A.. Outside the Industrial Zone, preparations are underway for construction of another, related plant, TOYOTA-CENTRAL EUROPEAN HUB PROJECT KOLÍN. Meanwhile, not all of the important influences of these plants on the environment have been evaluated; above all, there has been no cumulative evaluation of the rise in traffic they will evoke.

We thus propose that TPCA order, at its cost, the drafting of an independent, comprehensive study evaluating all of these impacts and taking into account the synergy of the impacts of all operations connected with the TPCA plant. The ordering, drafting, and results of this study should all be subject to public supervision. EPS can draft concrete procedural guidelines for implementing this request.

1.2. Decreasing the environmental impacts connected with production is one of the goals stated in the Third Toyota Action Plan (it is point no. 12). It should thus be in the interest of TPCA as a whole to try to reduce negative impacts of the transportation burden they and their suppliers will be creating, not only due to production as such but also due to the use of a JIT system. We thus propose that the study pay special attention to possible alternative transportation solutions, with an accent on the use of an increased share of rail transport for the complex's supply and distribution needs, and that as a result TPCA take active steps to reduce transport impacts, in harmony with the results of the study.

2. Retraction of the request for an exception to the “restriction on the travel of certain vehicles” defined in § 43 paragraph 5 of Act no. 361/2000 Sb., the Road Transport Act

In the case where TPCA did not formally request the granting of the exception, but rather another entity requested it in TPCA's place, TPCA should instead take steps to ensure that the above-mentioned exception is not in fact necessary for its operations, as it will not generate the transport burden that the exception would enable.

3. Meeting the legal obligation to pay costs connected with necessary road improvements

As implied by the provisions of § 39 of Act no. 13/1997 Sb., the Roads Act, any entity that causes a significant increase in the burden on a section of national or local road (unless the road already clearly had enough spare capacity for the added burden) is obligated to pay costs connected with necessary improvements to that state or local road.

3.1. We thus propose that TPCA pay 50% of the costs connected with building:

- 3.1.1. the bridging of the Elbe from Starokolínská street to Třídvorská street, as defined in the study *Dopravně inženýrské studie Kolínska v návaznosti na průmyslovou zónu Kolín – Ovčáry zhotovenou společností DHV ČR, s. r. o.* (“Kolín Region Transport Engineering Study in Connection with the Kolín-Ovčáry Industrial Zone, Prepared by DHV ČR, s.r.o.”), called “the study” hereinafter;
- 3.1.2. the “small northern bypass,” as defined in the study;
- 3.1.3. the Ovčáry and Jestřabí Lhota bypasses;

3.2. We propose for TPCA to pay all costs connected with reconstructing and maintaining the roadbed on Ovčárecká street.

3.3. We propose for TPCA to begin negotiations on revision of the contracts governing how road no. II/328 will be reconstructed, to introduce into these contracts 50% financial participation by TPCA in the reconstruction costs.

4. Demands of the *Obyvatelé Ovčárecká* (“Residents of Ovčárecká”) Civic Association

The residents of Ovčárecká street are expected to be directly and negatively affected by transportation connected with the operation of the TPCA plant, as well as other transportation that will be evoked by the increasing of the throughput of road no. II/328 and its planned connection to highway D 11. It is true on the one hand that the entity responsible for handling these problems is the administration of the Central Bohemia region, as it owns the road. It is doubtless on the other hand that the main responsibility for both the direct increase in traffic and for cumulative effects will lie with TPCA.

PSA has taken on a voluntary commitment for improving the quality of life in the regions where its production sites lie. The Toyota Earth Charter, meanwhile, contains in its Article 4 a declaration of willingness to act in cooperation with society, on all levels. We thus hope that TPCA will accept and implement compensation proposals for the citizens of Sendražice living on Ovčárecká street.

The proposals for compensation measures, to be fulfilled by TPCA itself at its own cost, are according to the *Obyvatelé Ovčárecká* civic association as follows:

4.1. the exchanging of 251 windows for new ones with the highest possible noise insulation

and microventilation, and of their parapets. (These represent the windows in the inhabited floors of 20 homes and one restaurant located in Sendražice on the left side of Ovčářská, by the exit from the city of Kolín.)

4.2. the construction of anti-noise walls in place of the existing fencing for 15 buildings.

4.3. anti-noise measures for the mentioned 21 properties, in the form of insulation for their facades.

4.4. financial compensation for the loss in these properties' values.

5. Reparations and Protective Measures for the Citizens of the Village of Ovčáry

5.1. The extensive earthworks connected with preparing for the Kolín-Ovčáry Industrial Zone are resulting in many geodetic changes in the zone's immediate surroundings. The property owners at the village's west end are those most affected: they have seen a dramatic drop in the water table, and the drying out of their wells.

According to the information available to us to date, the City of Kolín has, as the investor and implementer of the industrial zone itself, contacted the owners of the affected properties and begun negotiations on compensation measures. However, it is not only the City of Kolín that bears responsibility for the situation at hand, but also TPCA as the owner of the complex for whose benefit the industrial zone was primarily built. We thus propose that TPCA financially participate in the compensation.

5.2. The quality of life of the citizens of Ovčáry living in the immediate area of the industrial zone is dropping rapidly. This is especially true in light of the noise pollution and the complete change to the landscape of the area where they live. We thus propose that TPCA, along with other plants located in the industrial zone, financially support the building of a protective bulwark between the village of Ovčáry and the industrial zone, to decrease noise pollution and improve the appearance of the village's immediate surroundings.

6. Anti-noise Measures and Structure Stability Measures for Affected Citizens in Velký Osek

Road II/125, which was recently improved primarily to meet the needs of the TPCA plant, leads through the middle of the village of Velký Osek. In light of the expected traffic flows, we can safely predict that the transport burden on this road will lead to an exceptional rise in the local noise and vibration level. The effects will be all the more serious for the fact that the mentioned roads lie directly beside a large number of residential buildings. Even though a different entity than TPCA has taken on formal responsibility for handling this road's negative impacts, here again we consider it logical that the costs connected with compensation are covered with TPCA's financial participation, because it is doubtlessly the TPCA plant that is creating the need for the transport service it provides. In the end, this fact is a simple result of the contracts mentioned above.

7. Siting of TOYOTA-CENTRAL HUB PROJECT KOLÍN—Logistics Center for New Automobiles—Ratiboř

7.1. At present, the EIA process is ongoing for the project named *Překladiště automobilů (logistické centrum) „TOYOTA-CENTRAL HUB PROJECT KOLÍN - Logistické centrum nových automobilů - Ratiboř“* (“The “TOYOTA-CENTRAL HUB PROJECT KOLÍN—New Automobiles Logistics Center—Ratiboř” Transshipment Center (Logistics Center)”). This is a project for the construction of a central warehouse and transshipment point for passenger automobiles, with the transshipment point having a capacity of 10,412 cars. The company LITRA s.r.o. is the investor behind the project. The project title and placement make it clear, however, that the center is to serve primarily for the needs of the TPCA plant in Kolín.

(Toyota and Peugeot belong among LITRA's primary customers. For example, LITRA runs a similar logistics center for Peugeot in Mnichovo Hradiště.)

7.2. Building the variant for the center that is described in the document *Oznámení o hodnocení vlivů na životní prostředí*¹⁶ ("Statement on Environment Impact Evaluation") would mean a number of risks for the environment and for the healthy living conditions of area residents. Several institutions have already raised objections against it: the Kolín City Office, the Prague branch of the Czech Environmental Inspection, the Ministry of Environment, and the village of Kbel. Alongside this, 105 local citizens have spoken up against the construction via a petition.

What can be viewed as the largest problem, however, is the placement of the center in relation to the TPCA production plant, which would cause a further growth in the traffic burden upon Kolín.

7.3. Even though the center will be run by LITRA and not by TPCA, Toyota, or PSA, even the project's official name makes it clear that it will in reality serve for the distribution of products of the TPCA plant. TPCA, as the exclusive consumer of the planned center's products, can doubtlessly directly affect LITRA regarding the center's final form. In the end of ends, TPCA's needs lie behind the center's construction, and any negative effects from traffic load that will be connected with the transfer of newly produced cars from the production plant to the center can be attributed to TPCA. This is especially true in a situation where the entire situation could be better solved by siting the center directly into the Kolín-Ovčáry Industrial Zone. TPCA has, furthermore, the right of first refusal for land in the industrial zone and thus has a direct influence on what operations will be located within it. We thus propose that:

TPCA act upon its contractual partner to convince it to build the center in a site that will ensure its negative environmental impacts are minimized. It can use to this end, among other powers, the mentioned right of first refusal for land in the Kolín zone.

8. Conservation Support for the Libický luh Wetland

Road no. II/125, which acts as a highway access road for the operations sited in the Kolín-Ovčáry Industrial Zone, leads along the edge of the Libický luh National Nature Reserve, and at some points even leads through the reserve itself. This reserve is a unique remnant of the once-abundant wetland forests on the central reaches of the Elbe. This land has the highest degree of protection that can be provided by Act no. 114/1992 Coll, the Nature and Landscape Protection Act. This, meanwhile, is territory that is planned to belong to the NATURA 2000 pan-European nature protection system. The siting of the industrial zone and the TPCA plant directly beside the reserve definitely do not help to improve the state of this valuable biotope. It would help in meeting the goals inherent in both companies' CSR principles if they took a part in the reserve's maintenance and protection. We thus propose that TPCA financially contribute to the drafting of a conservation plan as defined in the provisions of § 38 of Act no. 114/1992 Sb., the Nature and Landscape Preservation Act, and also to the implementation of at least a portion of the measures that such a plan would recommend.

¹⁶ For details (in Czech), see <http://www.ceu.cz/EIA/ls/info.asp?kodAkce=STC219>