

Environmental Initiatives

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Vision for Environmental Activities

We have achieved the targets of the Sixth Environmental Action Plan and announced the Seventh Environmental Action Plan in fiscal 2022.

Global Environmental Commitment (Environmental Policies)

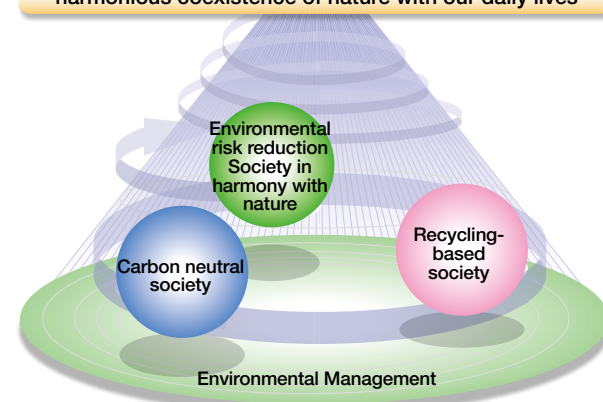
As one tenet under our Basic Philosophy, Toyota Industries works to contribute to regional living conditions and social prosperity and also strives to offer products and services that are clean, safe and of high quality. Accordingly, in February 2011, we established the Global Environmental Commitment, a specific environmental action guideline, to be shared and implemented throughout the Toyota Industries Group.

Our four main action themes are establishing a carbon neutral society; establishing a recycling-based society; reducing environmental risk and establishing a society in harmony with nature; and promoting environmental management, with the first three founded on the latter. Based on these pillars of action, the entire Toyota Industries Group will dedicate concerted efforts to realizing a prosperous life in harmony with the natural environment.

Link to details



Aiming at building a sustainable society which enables the harmonious coexistence of nature with our daily lives



Notional Diagram of Global Environmental Commitment

Environmental Vision 2050 and Environmental Action Plans

We have defined our Environmental Vision 2050 in relation to the four action themes specified in the Global Environmental Commitment, which represents our basic approach to environmental activities. As milestones toward achieving this vision, we formulate five-year environmental action plans and resolutely undertake activities in accordance with each plan.

Environmental Vision 2050

- (1) Establishing a carbon neutral society**
 - ➔ Globally take on challenge of establishing a zero CO₂ emissions society
- (2) Establishing a recycling-based society**
 - ➔ Take on challenge of minimizing the use of resources
- (3) Reducing environmental risk and establishing a society in harmony with nature**
 - ➔ Generate positive influence on biodiversity
- (4) Promoting environmental management**
 - ➔ Enhance consolidated environmental management and promote enlightenment activities

Achievements of the Targets of the Sixth Environmental Action Plan

Toyota Industries completed its Sixth Environmental Action Plan covering the five years from fiscal 2017 to fiscal 2021.

The plan laid out targets, or action items, related to improvement of environmental performance, such as reducing CO₂ emissions and the volume of waste generation from production activities, and we successfully achieved all designated targets.

As for the conservation of biodiversity, we promoted efforts to expand a habitat for living organisms, including the creation of an animal path. In order to improve eco-conscious brand image, we proactively disclosed relevant information. As a result, we were selected for the A List, a list of the highest-rating companies, in a survey conducted by CDP* on climate change and water security. (See Summary of the Sixth Environmental Action Plan on pages 62–63 for details.)

* An international NGO running a project in which institutional investors work together and request companies around the world to disclose their strategies against climate change and greenhouse gas emissions data

Formulation of the Seventh Environmental Action Plan

Toward the realization of our Environmental Vision 2050, we have formulated another five-year plan, the Seventh Environmental Action Plan. The plan incorporates more ambitious targets for the four action themes specified in the Global Environmental Commitment, including a new target on the introduction of renewable energy. Going ahead, the Toyota Industries Group will work as one team and commit itself to achieving these targets. (See the Seventh Environmental Action Plan on pages 64–65 for details.)

Structure to Implement Environmental Management

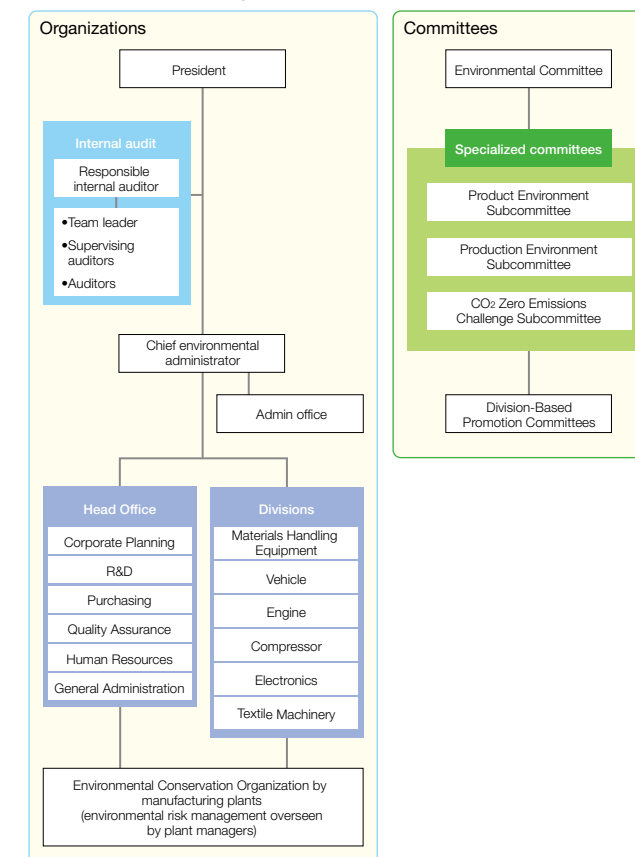
Positioning environmental initiatives as one of its most crucial management issues, Toyota Industries is enhancing its environmentally oriented corporate management on a global basis through the promotion of consolidated environmental management.

Promotion of Environmental Management System

Toyota Industries has positioned environmental initiatives as one of its most crucial management issues. To quickly reflect top management's decisions on business operations, Toyota Industries has established and been operating a Company-wide integrated environmental management system (EMS), with the president at the top.

As in the previous fiscal year, in fiscal 2021 we conducted introductory educational courses to foster the knowledge needed for environmental management and an introductory educational course for environmental audits to cultivate knowledge and techniques of internal audits. As department heads and other personnel in managerial positions proactively attended these courses, we were able to promote the enhancement of environmental management and the development of internal auditors.

Environmental Management Structure



Environmental Audits

Toyota Industries implements annual internal environmental audits as well as external audits carried out by an independent third-party institute.

In an external audit, a third-party institute comprehensively examines environmental initiatives, relevant procedures and accomplishments of departments within the Head Office and business divisions. The results of each audit are reported to the president, and by sharing both positive and negative points throughout Toyota Industries, we work to further improve our environmental initiatives. In fiscal 2021, the external review identified no non-conformance issues. The review, however, pointed out some matters at one plant that could potentially constitute non-conformance. We have been making improvements regarding these matters and sharing details with other plants.

In fiscal 2021, COVID-19 made it difficult to conduct an internal audit per the usual procedure. In order to promote our environmental initiatives even during the pandemic, we made particular efforts to conduct an audit in a more efficient manner compared with previous years. Specifically, we narrowed down the target of the audit to three points having significant influence on Company-wide EMS activities, namely the environmental management status of the EMS administrative office of each business division; status of legal compliance at plants; and on-site environmental management status of the Power Office. Along with raising audit efficiencies, we tried to conduct the audit in a way to link the results to a further improvement in the environmental response of each business division by forming audit teams mainly by members of each business divisions' environmental administrative office, who are well-versed in environmental audits. As focused areas of audits, we selected environmental policy management and on-site environmental management and confirmed how environmental management and other policies have taken root, as well as implemented this procedure Company-wide and checked if there are any environmental risks.

Acquisition of ISO Certification

In order to facilitate environmental initiatives in a more efficient and organized manner, Toyota Industries has acquired ISO 14001 certification, the international standard for environmental management systems. Please visit our website for Toyota Industries bases that have obtained the certification.

Link to details



Summary of the Sixth Environmental Action Plan

We have achieved all targets laid out in the action plan covering the period from fiscal 2017 to fiscal 2021.

With an eye to building a sustainable society which enables the harmonious coexistence of nature with our daily lives, we formulated the Sixth Environmental Action Plan for the period from fiscal 2017 to fiscal 2021 and promoted

activities according to the plan. Under the leadership of the president, we worked in unison and successfully achieved all targets.

■ Production Related

Establishing a Carbon Neutral Society						
Action Policies/Specific Actions		FY2021 Achievements				FY2021 Targets
Reduce CO ₂ emissions from production activities		Subject	Scope	Control Items	Base Year (FY)	Achievements
•Develop and introduce production engineering technologies with lower CO ₂ emissions •Reduce CO ₂ emissions by fully implementing improvement activities on a daily basis •Develop innovative CO ₂ reduction technologies that utilize clean energy •Manage greenhouse gases other than CO ₂		CO ₂ emissions	Non-consolidated	Total emissions	2006	-16%
			Global	Emission volume per unit of production*1	2006	-29%
			Non-consolidated			-32%
Reduce CO ₂ emissions from production-related logistics		Subject	Scope	Control Items	Base Year (FY)	Achievements
•Improve transportation efficiency through such measures as modal shift and better cargo loading efficiency		CO ₂ emissions from logistics	Non-consolidated	Emission volume per unit of production	2007	-33%
						Targets
						-10%
						-26%
						-30%
						-28%

Establishing a Recycling-Based Society						
Action Policies/Specific Actions		FY2021 Achievements				FY2021 Targets
Promote measures against resource depletion by recycling waste		Subject	Scope	Control Items	Base Year (FY)	Achievements
•Reduce the volume of discarded materials by taking action at the source, such as improving yields and other measures •Promote internal reuse		Waste volume	Japan consolidated	Waste volume per unit of production	2006	-45%
			Non-consolidated			-45%
Promote effective resource utilization in production activities		Subject	Scope	Control Items	Base Year (FY)	Achievements
•Reduce use of packaging materials •Monitor water input and output in each country/region and develop and promote appropriate measures						
						Targets
						-27%
						-29%

Reducing Environmental Risk and Establishing a Society in Harmony with Nature						
Action Policies/Specific Actions		FY2021 Achievements				FY2021 Targets
Further reduce emissions of substances of concern		Subject	Scope	Control Items	Base Year (FY)	Achievements
•Minimize the use of substances of concern by promoting efficient production activities		VOC*2 emissions	Non-consolidated (automobile body)	Emission volume per unit of production	2006	-36% (24g/m ²)
						Targets
						-36% (24g/m ²)

■ Product Related

Sixth Environmental Action Plan Targets			
Action Policies		Specific Actions	FY2021 Achievements
Establishing a Carbon Neutral Society	Reduce CO ₂ emissions through product and technology development	•Develop technologies that contribute to an even greater level of energy efficiency •Develop products and technologies that respond to electrification •Develop technologies to enable weight reduction •Reduce energy loss •Develop technologies for the realization of a hydrogen-based society	•Developed improved variable-displacement type compressor •Developed electric compressor for mild hybrid vehicles •Developed new vehicle •Reduced air consumption of air-jet looms •Developed next-generation air compressor
		•Reduce use of resources through longer product life •Reduce use of resources through standardization, modularization and reduction of components •Reduce use of resources through development of technologies to enable weight reduction and downsizing •Promote reuse of components and resources	•Developed new DC-DC converter •Developed new engine •Developed new AC inverter •Promoted use of recycled materials
Reducing Environmental Risk and Establishing a Society in Harmony with Nature	Reduce emissions to improve air quality in urban areas in all countries and regions Manage chemical substances contained in products	•Develop engines that meet future regulations	•Satisfied Euro 6d and Japan's 2018 regulations
		•Investigate chemical substances contained in products and manage switching over of SVHC*3 and other substances of concern to other substances	•Supported business partners in Japan for establishing a chemical substance management system •Conducted survey on chemical substances contained in products

■ Others

Sixth Environmental Action Plan Targets			
Action Policies		Specific Actions	FY2021 Achievements
Reducing Environmental Risk and Establishing a Society in Harmony with Nature	Augment activities related to protection of biodiversity	•Share the biodiversity guidelines across all Toyota Group companies and contribute to the expansion of a habitat for living organisms •Formulate and promote plans to link activities and connect green zones by undertaking activities for conservation of biodiversity throughout the Toyota Industries Group, including at consolidated subsidiaries in and outside Japan	•Participated in All Toyota Green Wave Project •Conducted biodiversity conservation activities within Toyota Industries premises
		•Build a global environmental management system and promote related activities to: Comply with environment-related laws in each country and region Formulate a medium-term plan based on visualization of environmental risks and conduct activities to prevent risks from occurring Enhance risk communication with relevant organizations and local residents Achieve the highest-level environmental performance in each country and region •Enforce strategic environmental management that integrates environmental activities and business activities	•Promoted mitigation activities •Underwent legal compliance audit on environment-related laws at a site in China
Promoting Environmental Management	Enhance education and enlightenment activities	•Extend the scope of Toyota Industries' enlightenment activities to consolidated subsidiaries in and outside Japan •Give back to society the outcomes of enlightenment activities	•Held various events during Environment Strengthening Month •Provided education on environmental management
	Promote environmental activities in collaboration with business partners	•Ensure compliance with laws and regulations and improve environmental performance based on the Environmentally Preferable Purchasing Guidelines	•Held online briefing sessions for business partners in Japan •Held an environment-related liaison meeting of bases in China
	Improve eco-conscious brand image	•Pursue higher brand image through proactive information disclosure of information on environmental activities	•CDP climate change: ranked A (on a performance band of A to F) •CDP water security: ranked A (on a performance band of A to F) •Received SDGs Environmental Award under Logistics Grand Prize program •Selected as "Good Practices" under Aichi and Nagoya Biodiversity Best Practice program (Biotope at the East of Obu Station and animal path within Higashiura Plant)

*1: We manage emissions in each business by using either unit of production or unit of sales as a basic unit of emissions. The weighted average of reduction rates of all businesses is used as our management index.

*2: Volatile Organic Compounds

*3: Substances of Very High Concern

Link to the action plan



Seventh Environmental Action Plan

We have formulated another five-year action plan for the period from fiscal 2022 to fiscal 2026.

We have formulated the Seventh Environmental Action Plan, a five-year plan for the period from fiscal 2022 to fiscal 2026. In the plan, we have set targets for each of the four action themes specified in the Global Environmental Commitment, namely, 1) establishing a carbon neutral

society; 2) establishing a recycling-based society; 3) reducing environmental risk and establishing a society in harmony with nature; and 4) promoting environmental management. We will undertake initiatives toward achieving our Environmental Vision 2050.

Production Related

Establishing a Carbon Neutral Society						
Action Policies/Specific Actions		Seventh Environmental Action Plan				
		Subject	Scope	Control Items	Base Year (FY)	Targets
Reduce CO₂ emissions from production activities •Develop and introduce production engineering technologies with lower CO₂ emissions •Fully implement improvement activities on a daily basis •Proactively introduce clean energy	CO₂ emissions	Global	Total emissions	2014	-25%*¹	
	Renewable energy	Global	Introduction rate	—	15%	
Reduce CO₂ emissions from production-related logistics •Improve transportation efficiency through such measures as modal shift and better cargo loading efficiency	CO₂ emissions from logistics	Non-consolidated	Emission volume per unit of production* ²	2014	-11%	

Establishing a Recycling-Based Society

Action Policies/Specific Actions

Promote effective resource utilization in production activities

- Reduce the volume of discarded materials by taking action at the source, such as improving yields and other measures
- Promote water conservation activities corresponding to the water situations in each country and region
- Reduce use of packaging materials

Seventh Environmental Action Plan

Subject	Scope	Control Items	Base Year (FY)	Targets
Waste volume	Non-consolidated	Waste volume per unit of production	2014	-12%

Product Related

Seventh Environmental Action Plan Targets		
	Action Policies	Specific Actions
Establishing a Carbon Neutral Society	Reduce CO ₂ emissions through product and technology development	- Develop technologies that contribute to an even greater level of energy efficiency - Develop products and technologies that respond to electrification - Develop technologies to enable weight reduction - Reduce energy loss - Develop technologies for the realization of a hydrogen-based society
Establishing a Recycling-Based Society	Implement initiatives to promote 3R (reduce, reuse and recycle) design for effective resource utilization	- Reduce use of resources through longer product life - Reduce use of resources through standardization, modularization and reduction of components - Reduce use of resources through development of technologies to enable weight reduction and downsizing - Promote reuse and recycling of components and resources
Reducing Environmental Risk and Establishing a Society in Harmony with Nature	Reduce emissions to improve air quality in urban areas in all countries and regions	Develop engines that meet future regulations
	Manage chemical substances contained in products	Investigate chemical substances contained in products and manage switching over of SVHC*3 and other substances of concern to other substances

Others

Seventh Environmental Action Plan Targets		
	Action Policies	Specific Actions
Reducing Environmental Risk and Establishing a Society in Harmony with Nature	Further reduce emissions of substances of concern from production activities	Minimize the use of substances of concern such as VOC*4 by promoting efficient production activities
	Augment activities related to protection of biodiversity	- Contribute to conservation of biodiversity in local communities based on the individual characteristics of Toyota Industries' plants - Promote activities that involve local parties and experts, and instill awareness among employees
Promoting Environmental Management	Augment and promote consolidated environmental management	- Comply with environment-related laws in each country and region - Prevent environmental irregularities by strengthening risk reduction activities - Achieve the highest-level environmental performance in each country and region
	Enhance education and enlightenment activities	Increase knowledge/awareness and promote voluntary actions toward achieving the Global Environmental Commitment
	Promote environmental activities in collaboration with business partners	Ensure compliance with laws and regulations and improve environmental performance based on the Environmentally Preferable Purchasing Guidelines
	Improve eco-conscious brand image	Pursue higher brand image through proactive disclosure of information on environmental activities

*1: As a more ambitious target, we are aiming for a 50% reduction by fiscal 2031 from the fiscal 2014 level.

*2: We manage emissions in each business by using either unit of production or unit of sales as a basic unit of emissions. The weighted average of reduction rates of all businesses is used as our management index.

*3: Substances of Very High Concern

*4: Volatile Organic Compounds

Link to the action plan



Establishing a Carbon Neutral Society

We have been working to reduce CO₂ emissions in our business activities on a global scale and at the same time accelerate our efforts to develop more environment-friendly products.

CSR Material Issue

Our Approach

For Toyota Industries, dealing with global warming is not just a “risk.” It also presents “opportunities” in doing business to both differentiate ourselves by leveraging our technology-based product appeal and conduct eco-conscious production activities.

For the ultimate goal of establishing a carbon neutral society as stated in our Global Environment Commitment, we set a goal of establishing a zero CO₂ emissions society on a global basis in our Environmental Vision 2050 and have been making efforts to reduce greenhouse gas (GHG) emissions throughout our entire supply chain.

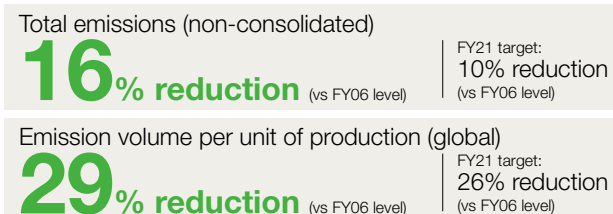
In the area of product development, we have been promoting the development of technologies related to environmentally friendly products in various fields, including electrification. In production activities, promoting thorough energy savings and utilizing renewable energy and hydrogen are the two pillars of our activities. As specific efforts, we will adopt solar and other renewable energy sources and effectively utilize clean energy, such as hydrogen, while thoroughly eliminating wasteful use of energy in production processes and increasing the efficient use of energy.



Progress in Efforts to Establish a Carbon Neutral Society

Summary | CO₂ Emissions (Production Activities)

FY2021 Results



Under the Sixth Plan, we worked toward achieving fiscal 2021 targets of reducing total non-consolidated CO₂ emissions by 10% and global emission volume per unit of production by 26%, both from the fiscal 2006 level, and succeeded in achieving both targets.

Case Example

Reducing CO₂ Emissions by Creating Energy-Saving Production Lines Linked to Product Design

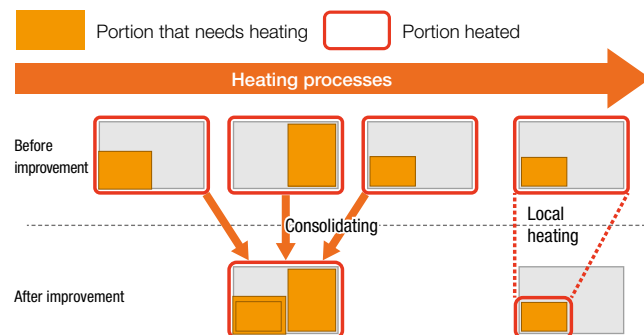
The Anjo Plant in Aichi Prefecture develops and manufactures electronic devices and charging equipment for electrified vehicles, including hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs), battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs). In the Electronics Division, which is responsible for the production of these products, the design department and production engineering department collaborate closely to develop commercialization technologies, which cover every aspect from new product development to process design, and mass production technologies in a synchronized manner. While doing so, they work to improve both the excellence level of products and environmental performance during the production stage.

At the Anjo Plant, production processes account for about 40% of its electricity consumption, roughly 60% of which is being used in thermal processes. Based on the Electronics Division’s roadmap to reduce the plant’s CO₂ emissions by 2050, the plant has set a target to cut its electricity consumption by 70% and incorporated the dual aims of reducing the number of heating processes and increasing their efficiency into the said synchronized development efforts. As a result, the plant successfully created energy-saving production lines linked to product design in fiscal 2021.

As a specific improvement example, the plant first figured out temperature conditions common to three out of the four heating processes. Moving the assembly of low heat-resistance components after the heating process further enabled the consolidation of these three processes into one. For the remaining one process, the plant adopted a local heating method, which requires less space than conventional equipment and has high energy efficiency as it can quickly heat up a workpiece. This led to higher efficiency and a reduction of energy consumption to one-fifth of the previous volume.

These activities also enabled the plant to reduce its annual CO₂ emissions by about 90 tons.

Consolidating Heating Processes and Introducing a Local Heating Method



Case Example

Efforts of an Overseas Base toward Realizing a Zero CO₂ Emissions Society

Vanderlande, a subsidiary engaging in the logistics solutions business in the Netherlands, has signed The Climate Pledge, a commitment to address climate change. The aim is to achieve a net-zero carbon footprint by 2040, 10 years earlier than the Paris Agreement’s 2050 target. Based on this pledge, the company will disclose its CO₂ emissions on a

regular basis and promote its carbon neutral strategy.

The company is actively engaged in the development of equipment and systems that contribute to the reduction of CO₂ emissions by its customers, and in carbon offsetting through such activities as tree planting. Furthermore, the company is promoting activities to build a carbon neutral society, as it plans to install 2,600 solar panels at its head office building by the end of 2021.

Establishing a Recycling-Based Society

With a view to establishing a recycling-based society, we have been striving to reduce waste and the usage of water and other resources.

CSR Material Issue

Our Approach (Waste)

Mass consumption, if continued on the back of the expanding world population and economic growth, will eventually deplete natural resources. Toyota Industries believes it is essential to promote 3R (reduce, reuse and recycle) design for effective resource utilization and the recycling of waste as resources.

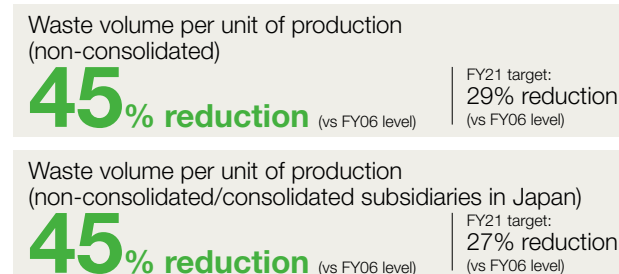
We set a goal of minimizing the use of resources in our Environmental Vision 2050. Accordingly, we have been making various efforts, including extending the life of components as well as reducing their size and weight in the area of product development. In production activities, implementing measures to reduce resource consumption at the source, ensuring the maximum resource recycling within a plant and reducing waste by using leading-edge technologies are the three pillars of our activities.



Progress in Efforts to Establish a Recycling-Based Society

Summary | Waste Volume (Production Activities)

FY2021 Results



Under the Sixth Plan, we worked toward achieving the fiscal 2021 targets of reducing waste volume per unit of

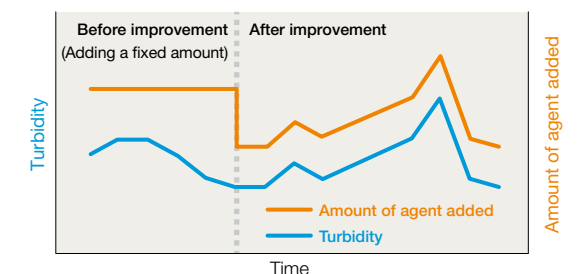
Case Example

Initiative to Reduce Sludge Volume

The Nagakusa Plant, a vehicle assembly base in Aichi Prefecture, has been carrying out an initiative to reduce the sludge generation volume. Sludge, making up the largest portion of the plant’s waste, is generated when flocculating suspended substances contained in wastewater from the vehicle painting process. The plant treating wastewater from the electrodeposited painting process, in particular, generates about 432 tons of sludge every year. Agents are used to flocculate suspended substances, and the sludge generation volume varies depending on which agent to use. The agent in use at the facility was found to produce more sludge than others. Adding a fixed amount of the agent to wastewater regardless of its content of suspended substances was another cause for extra sludge generation. To counter the situation, the plant undertook improvement activities with a focus on the types and amount of agents used for flocculating.

After repeated tests, the plant selected and switched to an agent that produces less sludge. The plant also installed a sensor to keep the addition of the agent to a minimum according to the quality of wastewater. Through these improvements, the plant was able to reduce its annual sludge volume by about 122 tons.

Installing a Sensor to Control the Amount of Agent Added



Case Example Efforts for Reducing the Use of Plastics

The Toyota Industries Group seeks to reduce ocean plastic pollution by making improvements in its business activities and promoting behavior change among employees.

Yantai Shougang TD Automotive Compressor Co., Ltd. (YST), a subsidiary manufacturing car air-conditioning compressors in China, has been striving to reduce the use of plastic bags by giving out reusable shopping bags to employees and encouraging them to use these bags.

Toyota Material Handling Mercosur Indústria e Comércio de Equipamentos Ltda (TMHM), a subsidiary manufacturing materials handling equipment in Brazil, carried out activities to raise employees' awareness of environmental degradation caused by plastics by encouraging them to use reusable shopping bags as well as their own water bottles. As part of these activities, TMHM held a "My Bags and My Bottles" photo contest, asking employees to post photos of themselves and their families using reusable bags and personal water bottles. Through these activities, TMHM promoted the action of individuals to reduce the use of plastics.



Reusable shopping bags handed out to employees (YST)



"My Bags and My Bottles" photo contest (TMHM)

CSR Material Issue

Our Approach (Water Resources)

Water is the basis of all life on the Earth and is an irreplaceable and valuable resource. Every year, however, we have been witnessing the increasingly severe impacts of droughts, floods and other natural disasters resulting from climate change as well as shortages in drinking water and agricultural water caused by the growth in the world's population. Many of the processes of Toyota Industries use water for washing and painting products, and we regard the water supply crunch caused by climate change and population growth as a significant risk to our business activities.

Accordingly, we have set a goal of minimizing the environmental impact on water resources and have been monitoring water input and output in each country and region and promoting the recycling of water and reduction of water intake.

Case Example Initiative for Raising Awareness of Water Resources

At the suggestion of employees, TD Deutsche Klimakompressor GmbH (TDDK), a subsidiary manufacturing car air-conditioning compressors in Germany, supported a program to promote health and environmental awareness among students at a local elementary school. Specifically, TDDK took part in funding the donation of a drinking fountain to help students appreciate the value, use and health benefits of drinking water.

With the support of the parent-teacher association (PTA) and TDDK, students drew a picture of a memorial tree behind the donated water fountain, and it became an opportunity for them to increase their water awareness.



Water fountain installed with the support of TDDK

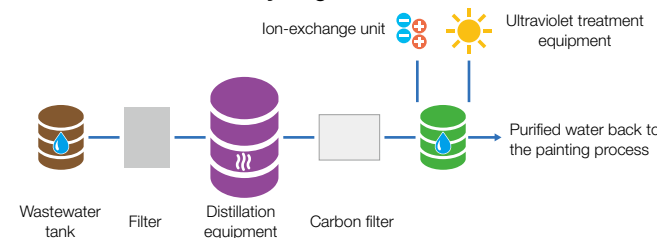
Case Example Initiative for Reducing Wastewater Discharge through Water Recycling

Each production base of Toyota Industries has been making various efforts to promote the recycling of water and reduction of water withdrawal with the aim of conserving the Earth's water resources.

Toyota Material Handling Manufacturing Sweden AB (TMHMS), a subsidiary manufacturing materials handling equipment in Sweden, has been proactively recycling water. Conventionally, wash water drained from the painting process had been treated at a wastewater treatment plant and then discharged to the public sewerage system. Since TMHMS upgraded this flow in 2010, they started to distill wastewater by distillation equipment within the plant in a closed loop, use a carbon filter to remove contaminants and salt content and prevent growth of bacteria through ultraviolet treatment. This has enabled the plant to purify and reuse wastewater and consequently cut its wastewater discharge by about 90%.

While recognizing the importance of water, we will continue to promote water conservation activities matched to the individual situations of each plant.

Flow of Wastewater Recycling Process



Reducing Environmental Risk and Establishing a Society in Harmony with Nature

We have been making efforts to reduce the use of substances of concern while carefully monitoring the latest trends in environmental laws and regulations on a global basis. At the same time, we have been promoting activities for the conservation of biodiversity toward realizing a society in harmony with nature.

CSR Material Issue

Our Approach (Conservation of Biodiversity)

Deforestation is now proceeding in various parts of the world, causing the fragmentation of the habitats of living organisms. In order for humankind to live in harmony with nature, it is essential to protect nature in each region.

In our Environmental Vision 2050, we set a goal of generating a positive impact on biodiversity and have been conducting various business activities while continuously paying attention to their influence on the natural environment. We have also formulated the biodiversity policy and been promoting initiatives accordingly. The policy clearly stipulates that we seek to reduce the impact of our business activities on biodiversity and work with local communities for the conservation of biodiversity.



Case Example Bases in China Conducting a Unified Activity toward a Society in Harmony with Nature

As an effort toward contributing to a society in harmony with nature, the Toyota Industries Group's bases in China conducted a unified activity called "China TICO Group Cleanup Day" in fiscal 2021. In support of the World Cleanup Day event that takes place every September, our bases in China conduct a cleanup activity to coincide with the event and unite their individual efforts into one activity to contribute to the conservation of ecosystems and the establishment of a society in harmony with nature. The event held in fiscal 2021 was joined by five companies, namely Toyota Industry (Kunshan) Co., Ltd. (TIK), TD Automotive Compressor Kunshan Co., Ltd. (TACK), YST, Global Power Co. Ltd. (Tailift) and Zhejiang Aichi Industrial Machinery Co., Ltd. We will increase the number of participating bases in fiscal 2022 and further enhance our activities for the conservation of ecosystems.



Cleanup activity on China TICO Group Cleanup Day (TACK)

Case Example

Creating an Animal Path to Improve Natural Habitats of Living Organisms

As part of efforts to conserve biodiversity, Toyota Industries collaborates in an initiative of the Aichi prefectural government to promote the development of ecological networks. In fiscal 2012, we joined the Chita Peninsula Ecological Network Council and have since been carrying out activities linked to the local natural environment while working with concerned parties, including local governments, companies, NPOs, expert bodies and students.

In March 2018, we implemented an initiative at the Higashiura Plant in Aichi Prefecture to expand the habitat of foxes in collaboration with the Council. Recently, we have found that foxes are living in the wooded area surrounding the plant. But because there is not a large enough habitat, some were fatally involved in traffic accidents on the neighboring roads. To provide a safe passage between these wooded areas, Toyota Industries created an animal path within the plant premises. Later, we installed sensor-equipped cameras and have been checking the inhabiting status of foxes on an ongoing basis. Since observing a fox on the animal path for the first time in October 2018, we have been seeing foxes almost every month, and in June 2020, observed a family of foxes using the animal path. We will continue to monitor the inhabiting status of foxes and implement additional measures as necessary to create a better environment.



Fox pups using the animal path

CSR Material Issue

Our Approach (Substances of Concern)

Currently, air pollution by chemical substances has become a global issue having equal importance as global warming. As such, countries around the world are adopting more stringent environmental regulations each year. How Toyota Industries responds to these regulations will have a significant impact on the business activities we undertake in each country.

Based on this perception, we have been taking a forward-looking approach, anticipating fuel efficiency and emissions regulations to be enforced by each country and region, and promoting product development accordingly. In production activities, we have been working to minimize the use of substances of concern such as volatile organic compounds (VOC), which are causal substances of photochemical oxidants that generate smog.



Progress in Efforts (Substances of Concern)

Summary | VOC Emissions (Production Activities)

FY2021 Results

Emissions per unit of production (non-consolidated/automobile body)	FY21 target: 36% reduction (vs FY06 level)
36% reduction (vs FY06 level)	

Under the Sixth Plan, we set a target of reducing emission volume per unit of production for VOC from the automobile body painting process by 36% from the fiscal 2006 level and worked to reduce VOC emissions. In fiscal 2021, we continued our efforts to increase the recovery rate and enhance the maintenance and management of thinner. Consequently, we were able to cut down emission volume per unit of production in fiscal 2021 by 36%.

for disclosure of environmental information and examining better ways to disclose our environmental information.

Selected as an A-List Company, Receiving the Highest Rating in CDP Surveys

Toyota Industries was selected for the A List in surveys conducted by CDP on climate change and water security as a company making especially outstanding efforts to reduce greenhouse gas emissions, mitigate climate change and conserve water resources. Toyota Industries was selected as an A-List company for climate change for three consecutive years since 2018 and for water security for the second time following 2018.

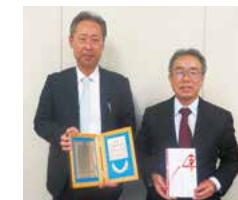


External Environmental Awards

Toyota Industries' environmental activities to date have been highly acclaimed by external organizations.

Received the SDGs Environmental Award under the Logistics Grand Prize Program

Toyota Industries received the SDGs Environmental Award, a special award given under the 37th Logistics Grand Prize program hosted by the Japan Institute of Logistics Systems. The program recognizes companies showing outstanding achievements in the area of logistics promotion. The SDGs Environmental Award is given to excellent initiatives that contribute to a reduction of environmental impact and are also helpful for other companies.



Members of the Production Control Department

TMHMS Winning a Biogas Award 2020

In December 2020, Toyota Material Handling Manufacturing Sweden AB (TMHMS), a subsidiary manufacturing materials handling equipment in Sweden, received a Biogas Award 2020 from Biogas Öst Ideell Förening. This award is given

to individuals, companies and organizations significantly contributing to the advancement of biogas. TMHMS was recognized for its efforts to reduce environmental impact throughout its entire business activities, such as achieving zero plant CO₂ emissions through the use of biogas and introducing biogas trucks for transportation between TMHMS plants and between TMHMS and its business partners.

TMHMS will continue to make a high level of contribution toward the realization of a carbon neutral society.

TOPIC

TMHE Group Receiving the Highest “Platinum” Rating of EcoVadis*1 for Two Consecutive Years

Toyota Material Handling Europe AB (TMHE), a consolidated subsidiary overseeing the materials handling equipment business in Europe, received the highest “Platinum” rating from EcoVadis in its corporate sustainability survey. The rating corresponds to the top 1% group of the 70,000 companies that have been evaluated. The rating was given in recognition of excellent performance and transparency in information disclosure.

The TMHE Group has formulated an energy policy to achieve zero energy *muda* and has been engaging in activities based on high sustainability targets. As a specific, outstanding accomplishment, all TMHE Group companies achieved 100% use of electricity from renewable energy sources in April 2021. TMHE will continue to undertake business activities and provide products and services in a sustainability-conscious manner.



*1: An international organization that evaluates the sustainability of supply chain companies

Promoting Environmental Management

Toyota Industries proactively engages in initiatives to reduce environmental risk and discloses various environmental information.

Status of Compliance with Environmental Laws

With an eye to minimizing environmental risks to local communities, the Toyota Industries Group is striving to prevent violations of environment-related laws. Such initiatives include taking measures against the recurrence of potentially serious near-accidents that may result in legal violations and performing environmental risk inspections at its plants.

In fiscal 2021, there was one case of violation of water quality-related laws at one of our consolidated subsidiaries in Japan. We have taken appropriate action and thoroughly implemented preventive measures. We have also shared relevant information about the case along with its preventive measures within Toyota Industries and with other Group companies to prevent a similar incidence throughout the Group.

Soil and Groundwater Pollution Countermeasures

Toyota Industries carries out surveys and purification of soil and groundwater contaminated from the past use of trichloroethylene and other substances of concern. We regularly report the survey results to local government authorities and provide information at local community meetings. As measures to prevent pollution from substances covered by the Soil Contamination Countermeasures Law as well as from grease and oils, we have drilled observation wells at all plants to conduct regular checks.

the country, with Toyota Industries Management (China) Co., Ltd. (TIMC) taking the lead. Specific efforts include providing updates on revisions to environment-related laws, checking the status of compliance at each base and providing support for improvement. We will also promote mutual improvement by sharing information and encouraging communication among the bases.

In September 2020, TIK underwent a third-party legal compliance audit. Measures have been taken against issues pointed out in the audit, and common issues have been shared among our bases in China to prevent a similar incidence.

In October 2020, we held a safety and environmental liaison meeting of the Toyota Industries Group's bases in China. During the meeting, environmental officers from these bases and Toyota Industries shared the Group's environmental action policy in China, gave briefings on the country's legal trends and exchanged views.

We will continue to carry out appropriate environmental management and support so as to ensure compliance with environmental laws and reduce any business continuity risk at our bases in China.



Legal compliance audit at a base in China

Verification by a Third Party

Toyota Industries obtains third party verification in order to increase the credibility of its data on energy-derived CO₂ emissions, waste generation volume, water withdrawal and wastewater discharge.

We will continue to utilize this third party verification in making continuous improvements in our environmental activities and disclose data to our stakeholders in a more transparent manner.



External Environmental Evaluations

Toyota Industries fosters environmental communication with our stakeholders through proactive disclosure of environmental information. We have been participating in the Ministry of the Environment's project for the establishment of a framework

Environmental Impact Flow

INPUT	Energy [consolidated]	
	Energy consumption	15,938 TJ*2
	Electricity	1,355,962 MWh
	City gas	83,037 km³N
	LPG	3,882 t
	Petroleum products	3,141 kl
	Coal products	5,968 t
	LNG	1,570 t
	Raw Materials [consolidated]	
	Raw material consumption	730,270 t
	Water [consolidated]	
	Water withdrawal	4,548 km³
	Chemical Substances [non-consolidated]	
	PRTR law*3 designated substances	1,002 t

Environmental Impact Flow	
R&D/Design	
Procurement	
Production	
Transportation/Sales	
Usage	
Recovery/Recycling	

OUTPUT	Into the Air [consolidated]	
	CO2 emissions	824,841 t-CO2
	Greenhouse gases other than CO2	2,400 t-CO2
	CO2 emissions from logistics	14,904 t-CO2
	SOx (Sulfur oxides)	252 kg
	NOx (Nitrogen oxides)	160 t
	VOC (Volatile organic compounds)	1,276 t
	Chemical Substances [non-consolidated]	
	Emissions/transfers of PRTR law designated substances	355 t
	Waste [consolidated]	
Waste volume	108,670 t	
Into Waterways (consolidated)		
Water pollutants	27 t	
Discharge of treated wastewater	2,252 km³	

*2: Terajoule is a unit used to measure heat. 1 TJ = 10¹² joules

*3: Short for Pollutant Release and Transfer Register, the PRTR law is a scheme whereby businesses measure the release and transfer of PRTR designated pollutants and report their performance to the government. The government then compiles this data and releases it to the public.

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