

# Reducing Environmental Risks in Production

## Proactively Preventing Environmental Pollution and Accidents

Toyota Industries believes a vital responsibility for doing business is to protect the environment of the community surrounding our plants and to prevent adverse impact from environmental accidents. In this context, we are actively working to prevent air, water and soil pollution in local communities.

Our basic policy is to identify risks to the environment in local communities and take measures to avoid them, and to minimize the consumption of materials that impact the environment. We are implementing preventive measures, such as setting and monitoring voluntary environmental targets, which are stricter than both regulatory standards and community guidelines; and consistently overseeing facilities with daily checks and providing thorough staff training.

We also plan to introduce a system for assessing risk at the time of establishing any new business plans, including the construction of new plants.

No environmental laws or regulations were violated by Toyota Industries in fiscal year 2006.

## Control of Chemical Substances

### Reduced Emissions of Volatile Organic Compounds (VOC) Graph 1

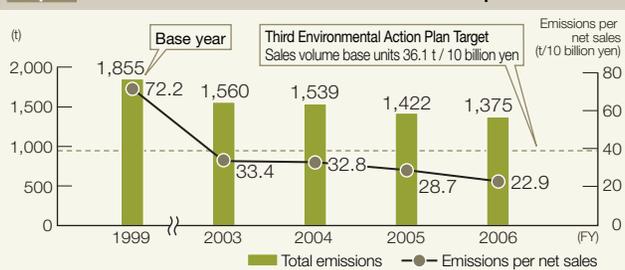
Volatile organic compounds (VOCs) are also substances that cause atmospheric pollution including photochemical oxidants that lead to photochemical or white smog.

The Third Environmental Action Plan accordingly adopted the goal of a 50% reduction from fiscal year 1999 levels in VOC emissions sales volume base units.

Those processes as at Toyota Industries with large VOC emissions are the automobile body painting process and all coating processes to do with industrial vehicles and textile machinery. By utilizing powder coating in industrial vehicle and textile machinery coating processes, and by introducing water-based painting into the vehicle division's body painting processes, Toyota Industries was able to achieve these targets in fiscal year 2006 with a 60% reduction in sales volume base units of total VOC emissions from the fiscal year 1999 level.

In the future Toyota Industries intends to continue to curb emissions by addressing the issue of reducing VOCs not only in traditional painting processes, but also in compressor painting and vehicle bumper coating processes, as well as in the company's domestic subsidiaries and affiliates.

**Graph 1 Total VOC Emissions and VOC Emissions per Net Sales**



### Control of Substances Subject to PRTR Laws Graph 2

Toyota Industries strictly observes domestic Pollutant Release and Transfer Register (PRTR) laws, intensively controlling any chemical substances targeted under the legislation. (See page 66 for information on the status of controls for substances subject to the PRTR law.)

Toyota Industries has achieved the targets for reducing emissions of substances subject to PRTR legislation specified in the Third Environmental Action Plan.

**Graph 2 Total PRTR Emissions** 50% Reduction in Total Emissions Compared with Fiscal Year 1999



### Storage of Polychlorinated Biphenyls (PCBs)

Until they were banned as toxic substances in 1976, polychlorinated biphenyls (PCBs) had been used to insulate transformers and condensers. Toyota Industries owns and stores 901 transformer/condenser units and ballasts containing PCBs on our premises as at the end of fiscal year 2006. We store them in a PCB storage shed in a manner that ensures PCBs are neither released nor allowed to leach into the soil, and we regularly report the status of PCB management to authorities.

From fiscal year 2006 Toyota Industries began outsource processing, and as of the end of June 2006, thirty units out of a total of 901 were outsourced for PCB processing.

## Preventing Atmospheric Pollution Graph 3

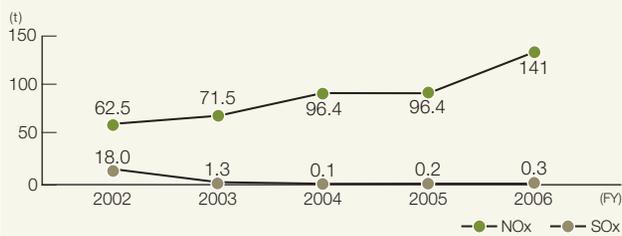
Toyota Industries has witnessed the formation of nitrogen oxides (NOx) and sulfur oxides (SOx), both substances which cause acid rain, from such locations as boilers and incineration facilities.

The co-generation system which is actively introducing

nitrogen oxide to reduce CO<sub>2</sub> volumes has increased the total volume of emissions due to the greater amount of natural gas used in the system, but these emission levels are still within legal standards.

Sulfur oxide emission levels have been substantially cut to less than 1% of fiscal year 2001 levels. This has been achieved through the promotion of emission reduction measures including the introduction of desulphurization equipment into the casting process, facility improvements, and fuel conversions from type-A heavy oil to natural gas.

**Graph 3 NOx, SOx Emissions**



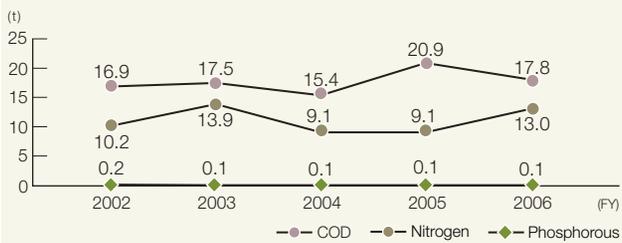
## Water Quality Preservation Graph 4

Household and industrial wastewater containing nitrogen and phosphorus is one cause of eutrophication, which is associated with the degradation of lake and sea water quality. Given the fact that our plants are located in the Ise Bay area, where eutrophication is a serious problem, we regard the maintenance of wastewater in that area at mandated levels as a critical challenge.

From this perspective, Toyota Industries not only thoroughly manages the water quality of wastewater on a daily basis but also reduces the volume of wastewater through the recycling of the water we use, thereby reducing the environmental impact on public water resources.

In fiscal year 2005, COD emissions rose due to an increase in production and the introduction of water-based paint in the vehicle business. In response, we will promote the renovation of our wastewater treatment facility in fiscal year 2006.

**Graph 4 Total COD, Nitrogen, Phosphorous Emissions**



## Soil Preservation Graph 5 Chart 1

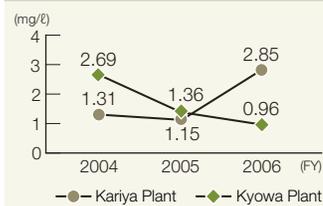
Toyota Industries surveys and works to purify polluted soil and groundwater resulting from our past use of trichloroethylene as a cleaning agent. We prevent the outflow of pollutants beyond plant boundaries and purify and recover polluted soil by the pumping aeration method. Changes in the average concentration of the solvent are shown in the graph.

While trichloroethylene groundwater concentrations have been steadily reduced at the Kyowa Plant, these concentrations have risen at the Kariya Plant. Trichloroethylene moves through groundwater at an extremely slow rate. It is therefore thought these higher readings were detected by chance because samples probably came from an area of high concentration. There is of course no impact on areas outside the plant as external runoff is being prevented. From the changes in trichloroethylene concentration the company believes that progress is being made in the purification of on-site soil.

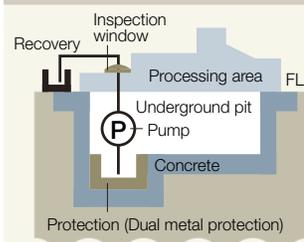
In addition all plants are making efforts to prevent

the occurrence of soil contamination from oils and grease. In all plants subject to these efforts, measures have been implemented including dual facility provisions and visualization of leaks in areas such as underground pits, underground storage tanks, and oil grooves. Measures will be taken for any newly established facilities, including using aboveground piping and ground pits with double-wall construction as standard features. (See Chart 1.)

**Graph 5 Trichloroethylene Readings (Average Density)**



**Chart 1 Measures to Prevent Occurrence of Soil Contamination**



## Soil Pollution Surveys for Land Transactions

Land owners are responsible for conducting surveys on the contamination of their land. If Toyota Industries discovers that land we have purchased is polluted, we are liable for such pollution and must purify it. Therefore, we must conduct land surveys prior to purchase to avoid such risks. Conversely, when we sell land, we must also guarantee that it is not polluted. In this context, Toyota Industries has established standards and procedures for historical surveys on soil and groundwater when it considers purchasing, leasing, or selling new land, and effectively uses them.



Responsibility to Our Customers



Responsibility to Our Shareholders



Responsibility to Our Business Partners



Responsibility to Our Local Communities



Responsibility to Our Employees



Responsibility to the Environment