Environmental Accounting

Environmental accounting involves ascertaining the costs and results of environmental protection activities and is an important tool in the management of environmental protection. Disclosing the quantitative results of such activities plays a crucial role in deepening shareholders' and customers' understanding of companies' environmental protection activities.

Toyota Industries is promoting the implementation of environmental accounting and began to analyze data in fiscal 1999 on an experimental basis.

In fiscal 2000, total environmental protection costs and economic effects of environmental protection measures were calculated, referring to the Ministry of the Environment Guideline "Toward the Establishment of Environmental Accounting Systems (2000 Report)."

■Fiscal 2000 Results

Toyota Industries reported its environmental protection costs and the economic effects of environmental protection measures for fiscal 1999 in the Company's *Environmental Report 2000*. Total environmental costs for fiscal 1999 were classified into two categories—environmental maintenance and environmental investment—and totaled ¥4.7 billion.

In reference to the Ministry of the Environment Guideline, environmental protection costs have been classified as either investment or expenses. Capital investment totaled ¥2.9 billion, and expenses comprising expenditures and labor costs came to ¥3.9 billion, amounting to ¥6.8 billion in total environmental protection costs. Although changes in the calculation method render a precise comparison with fiscal 1999 figures impossible, costs rose ¥2.1 billion in fiscal 2000. The economic effects of environmental protection activities have been calculated based on real, ascertainable results, amounting to ¥1.0 billion.

■Environmental Protection Costs

(¥ billion)

		Investment	Expenses*
1. Business area costs	• Equipment and maintenance costs related to air, water, soil, and other pollution • Energy-saving equipment and other global environmental protection costs • Recycling, waste processing, and other reuse/recycling costs	¥2.5	¥1.3
2. Upstream, downstream costs	• Additional costs for new capital investment for equipment manufacturing products that contribute to environmental protection	0.4	–
3. Management activity costs	• Environment-related employee education costs, expenses related to maintenance of ISO 14001 certification • Payment to certifying agencies, labor costs for internal audits • Environmental impact monitoring, measurement expenses; labor costs of environmental protection measures and management	–	0.5
4. R&D costs	• R&D expenses for environment-friendly products • R&D costs for controlling environmental impact	–	1.8
5. Social activity costs	• Nature conservation, beautification activities, support for environmental protection activities of local residents • Contributions, support for environmental protection groups • Costs related to disclosing environment-related information	–	0.3
6. Environmental damage costs	• Repair/cleanup expenses related to environmental pollution, environmental pollution insurance	–	–
Total		¥2.9	¥3.9

*Depreciation and amortization is not included in expenses.

Total amount: ¥6.8

■Economic Effects of Environmental Protection Measures

(¥ billion)

		Value of effect
Real effect	• Effect of energy saving	¥0.4
	• Effect of waste reduction (sales of recycled materials, including iron, nonferrous metals, oil, etc.)	0.6
Constructive effect, accidental effect*		–
Total		¥1.0

*Not calculated for fiscal 2000