



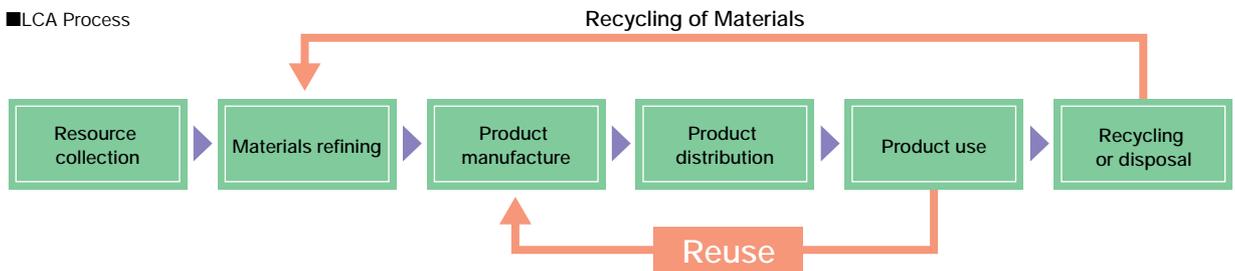
Development and Design

Adoption of LCA

Toyota actively promotes the development of environmentally sound products, and its Product Technology Committee is now introducing the LCA method of product assessment. In fiscal 1999, we commenced

a substance balance survey on the life cycle (all stages from the selection of a product's materials, through procurement, final disposal, and recycling) of our existing products. As the first stage of

this survey, studies were made of CO₂ emission volumes related to energy consumption and the weights of individual components according to material type.



Efforts to Reduce Environmental Impact

Toyota conducted a survey of the number of substances in the structural components of its products that have an environmental impact, in particular

sodium azide, mercury, cadmium, lead, vinyl chloride, arsenic, hexavalent chromium, asbestos, nickel, boron, and fluorine. In the months and years ahead,

we will work on initiatives for the prohibition or reduction of the use of these substances from the design stage.

Application of Recycling Design Guidelines

To make easily recyclable products, it is necessary to take recycling needs into consideration as early as the development and design stages. Toyota's

Recycling Design Guidelines are a compilation of design requirements for making easily recyclable products. We are actively implementing these guidelines

in conjunction with the adoption of LCA systems.

Procurement and Production

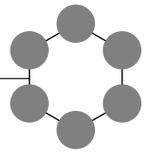
Bolstering Environmental Management Systems of Associated Firms

Just as corporate accounting has undergone a conversion to consolidated reporting with the inclusion of associated firms, it has become necessary to handle environmental management and produce results as a Group on a similar basis. Toyota works to establish communication

frameworks and conducts briefing sessions for its associated firms that are included in consolidated accounting to strengthen their environmental management systems.



▲ Briefing session



Management of Chemical Substances through PRTR System

(PRTR: Pollutant Release and Transfer Register)

PRTR provides the framework for "ascertaining the extent of the release of harmful chemical substances into the environment and making this information publicly available." PRTR makes it possible for government agencies to follow the emission of harmful substances into the air and water, based on the reports and estimates of the relevant parties as well as determine the movements of such substances released from waste, process this information, and make it public. In July 1999, the PRTR Law (The Law on Improvement in the Management and

Control of Emissions of Selected Substances) was enacted, marking the beginning of full-fledged anti-pollutant efforts in Japan. Toyoda has long since engaged in the reduction of hazardous chemicals. We also participated in a pilot project of the Environment Agency that began in 1997 in the Nishimikawa Region and in PRTR surveys conducted by the Keidanren through various industry associations (in our case, the Japan Automobile Body Industries Association, INC) and have developed systems for determining the volume of such chemicals transferred.

Toyoda participated in the Environmental Agency's pilot project in fiscal 1999. In the future, in keeping with the spirit of the PRTR Law, the Company will implement further efforts to reduce the use of hazardous chemical substances, enhance its control systems, continue to experiment with new information disclosure methods, and make all necessary preparations to meet its goal of a 50% reduction in the total volume of PRTR targeted substances compared with fiscal 1998 levels by fiscal 2005 year-end.

VOC Emission Volume Reduction Efforts

(VOCs: Volatile Organic Compounds)

Since such VOCs as cleansing thinner and coatings containing organic solvents are used in the painting of the outer body shells of automobiles, Toyoda has undertaken the implementation of voluntary measures to reduce VOC emission volumes under the guidance of the Japan Automobile Manufacturers Association Inc. and the Japan Automobile Body Industries Association, INC.

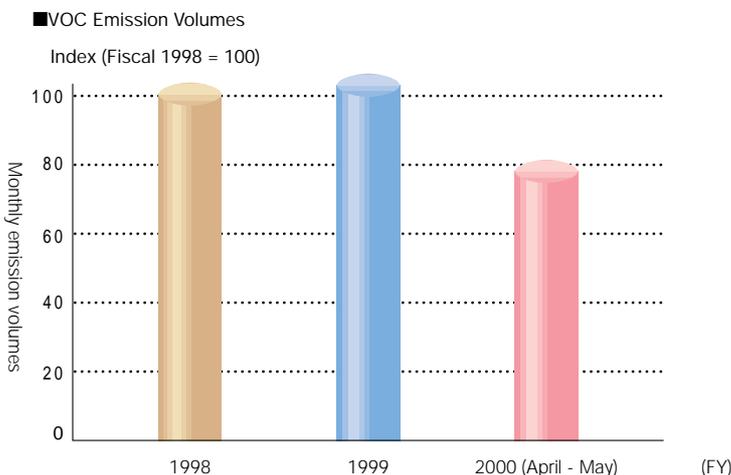
However, due to such factors as the increase in the production of cars with metallic finishes, VOC emission volumes

increased 3% in fiscal 1999 compared with the volumes of fiscal 1998. Therefore, we have set a new target of reducing VOC emission volumes by 50% compared with fiscal 1998 levels by fiscal 2005 year-end. To this end, we have implemented numerous initiatives, including the introduction of hand-operated electrostatic paint guns that yield superior adhesion and the use of waste thinner collection equipment,* through which we are striving to reduce VOC emission volumes.



Hand-operated electrostatic paint gun

●*Refer to page 23 for more information on waste thinner collection equipment.





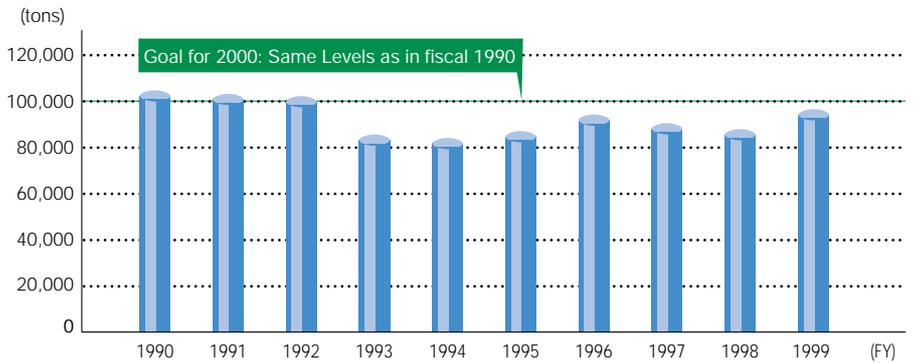
Promoting Energy Conservation: Reducing CO₂ Emissions

Toyota has been working to promote energy conservation through such initiatives as the active introduction of cogeneration systems, and has striven to reduce CO₂ emissions. As part of these efforts during fiscal 1999, the Company introduced a product-by-product energy monitoring system and switched from heavy oil to LNG in metal heaters and boilers. However, due to an

increase in production volumes for the term, total CO₂ emission volumes amounted to 93,515 tons, an increase of 5,907 tons compared with fiscal 1998. On the other hand, CO₂ emission volumes per ¥100 million in sales declined 1.26 tons, to 17.93 tons. Moreover, the CO₂ emission volume targets of the Second Environmental Action Plan were met for fiscal 1999,

and are well on their way to being met for fiscal 2000. However, since there is concern about CO₂ emission volume increases due to rises in production volumes, we have set new reduction targets of a 5% reduction compared to fiscal 1990 levels by fiscal 2005 year-end and 10% by fiscal 2010 year-end.

■ Companywide CO₂ Emissions



The goal under the Second Environmental Action Plan is to stabilize CO₂ emissions at the fiscal 1990 level (101,490 tons) by fiscal



Restraining the Volume of Waste and Promoting Reuse of Resources

Toyota promotes waste recycling and the curbing of waste generation, and has achieved excellent results. In fiscal 1999, we endeavored to reduce volumes of wastewater sludge and other waste liquid emissions by stabilizing the water quality of wastewater treatment stations and

improving the capacity of waste liquid condensing equipment. As a result, we successfully cleared the target figures of our Second Environmental Action Plan with a waste emission volume for fiscal 1999 of 9,500 tons. Furthermore, we fully expect to meet our Second Environmental Action Plan targets for

fiscal 2000 as well and have set a new goal of eliminating landfill disposal waste from all plants by fiscal 2003 as part of our efforts to achieve the ultimate goal of zero emissions.

■ Companywide Waste Emissions



The goal under the Second Environmental Action Plan is to reduce emissions by 75% from the fiscal 1990 levels (which were 53,360 tons) by fiscal