

# Environmental Accounting

Toyota Industries regards environmental accounting, which evaluates the effectiveness of the company's environmental activities from the perspective of cost, as a critical tool not only for corporate management, but also for the disclosure of quantitative information about the environment. As such, it is continually striving to enhance its environmental accounting systems. Environmental accounting data is collected according to the categories found in the Ministry of the Environment's Environmental Accounting Guidelines 2005 Edition.

From this fiscal year, the group company, Nishina Industrial Co., Ltd, has been included in the Group's environmental accounting data. Scope of data collection: Toyota Industries, TIBC Corporation, Nishina Industrial Co., Ltd.

Data collection period: April 1, 2006 – March 31, 2007

## • Calculation Methods

### Environmental Conservation Costs [▶ Table 1](#)

The total cost of environmental conservation programs in fiscal year 2007 was 11.95 billion yen, consisting of 1.46 billion yen in investment and 10.49 billion yen in expenses. The installation of co-generation systems at five plants was completed in fiscal year 2006, so there were fewer major investment items related to global warming. On the other hand, expenses for global warming counter-measures, such as air leakage counter-measures, increased.

Within resource recycling costs, the waste treatment costs

increased due to production increases at TIBC.

Research and development cost items included the development of the new environmentally friendly internal combustion lift truck, GENE0 (8FG/D outside Japan), with its low fuel consumption and cleaner exhaust gas emissions, and the development of the LWT710, a water-jet loom that has achieved a major reduction in vibrations.

### Environmental Conservation Benefits [▶ Table 2](#)

The benefits of environmental conservation express the accumulated outcomes of environmental conservation measures every year.

As an example of the benefits of individual investment items, the spin-off effects from the active introduction of co-generation systems in fiscal year 2006 resulted in a reduction of approximately 52,000 tons of CO<sub>2</sub>.

### Economic Benefits of Environmental Conservation Initiatives [▶ Table 3](#)

Toyota Industries calculates the actual economic benefits of environmental conservation initiatives through calculable benefits, including reductions in energy costs and wastewater treatment costs, as well as profits from the sale of valuable resources.

The economic benefit achieved in fiscal year 2007 was 7.21 billion yen, which was 710 million more than in fiscal year 2006. The main contributor to the total was the profits from the sale of valuable resources, which accounted for 6.24 billion yen.

[▶ Table 1](#) Environmental Conservation Costs\*1

Category		Principal approaches in FY 2007	FY 2007		FY 2006	
			Investment	Expenses	Investment	Expenses
Business area costs	Pollution prevention cost • Preventing atmospheric pollution • Preventing water pollution	Expanding number of plants in which water-based painting of vehicles is introduced	483	866	224	925
	Global environmental conservation costs	Introduction of a solar power generation system and high-efficiency motors, counter measures for air leakage	875	3,147	2,397	2,357
	Resource recycling costs	Promotion of waste recycling and converting waste into valuable resources	4	1,715	96	1,275
Upstream/downstream costs		Promoting green procurement	—	15.3	—	0.5
Management costs		Newspaper advertising promoting environmental considerations, publication of Social and Environment Reports	—	1,123	—	1,160
Research and development costs		Development of internal combustion lift truck "GENEO" and water jet loom LWT 710	92	3,592	386	869
Social contribution activity costs		Support for environmental organizations	—	10	60	60
Environmental remediation costs		Purification of soil and groundwater contamination, measures to prevent occurrence of oil and grease ground seepage	1	26	1	18
Total			1,455	10,494	3,163	6,664
			11,949		9,826	

[▶ Table 2](#) Environmental Conservation Benefits\*2

Environmental Impact	Comparison with previous fiscal year	Environmental Impact	Comparison with previous fiscal year
CO <sub>2</sub>	(52,000 t decrease)	Water	( 755 t decrease)
VOC	( 311 t decrease)	SO <sub>x</sub>	16 t increase
Generation of waste products	( 8,627 t decrease)	NO <sub>x</sub>	( 43 t decrease)
		COD	( 2 t decrease)

[▶ Table 3](#) Economic Benefits of Environmental Conservation Initiatives

Item	Details	FY 2007	FY 2006
Revenue	Returns from sale of recycled waste products	6,237	4,429
Cost reductions*3	Energy cost reductions	797	1,932
	Cost reduction by resource saving (including reductions in amount of water use and amount of waste water)	174	137
Total		7,208	6,498

\*1 Depreciation component not included in costs of environmental conservation. Costs and investments that include objectives other than environmental aspects either have the difference aggregated or the component removed.

\*2 Figures calculated after correcting the sales volume difference as the difference between the volume of environmental impact in the previous fiscal year and the volume of environmental impact in the current applicable period. Effects of environmental conservation = Amount of environmental impact in previous year x (sales volume in applicable period/sales volume in previous year) - environmental impacts of applicable period

\*3 Cost reduction is calculated by multiplying the volume of reduction in environmental impacts by the unit cost.