

Caring for the Environment

Basic Principle

Toyota Industries, recognizing that preservation of the global environment is one of the most pressing issues of the 21st century, embraces environmental soundness as a crucial business concern. Our basic corporate principle states that “Toyota Industries believes that economic growth and conservation of the natural environment are compatible. It strives to offer products and services that are clean, safe and of high quality.” In accordance with this principle, we have been actively engaged in the protection of the environment.

Environmental Protection Activities

We devised our First Environmental Action Plan in 1993. In this plan, we specified three basic policies, namely to “establish an in-house system,” “manage our business activities reflecting concerns for the environment” and “contribute to society.” Each division then responded with a detailed program of environmental policies and acted on them. In 1996, we announced our Second Environmental Action Plan to confront new environmental challenges. We also started activities to obtain ISO14001 certification.

Third Environmental Action Plan

Toyota Industries has two ideals: First, to balance corporate activities with the preservation of the global environment, and second, to contribute to a recycling-oriented society. As the targets set out in the second plan, including ISO14001 certification for each division, have almost been met, we once again revised the whole plan in August 2000 and announced the Third

Five-year Environmental Action Plan (from April 2001 to March 2006). This plan defines specific targets and activity guidelines, including zero emissions* at all of Toyota Industries’ plants by March 2004. To be implemented by all Toyota Industries Group members, it is designed to make these ideals a reality. Following is an outline of the plan.

* Toyota Industries defines “zero emissions” as “reducing landfill waste to less than 5% of the fiscal 1999 (April 1998 to March 1999) level.”

Environmental Policies

1. Conduct corporate activities that are considerate of the environment at every stage of a product’s life cycle, from development through design, production, use and disposal, so as to provide clean and safe products
2. Strive to intensify environmental management, including that of consolidated subsidiaries, for the further advancement of corporate activities that support environmental protection
3. Promote social contribution, information disclosure and knowledge through wide-ranging cooperation with society on environmental protection, with the ultimate aim of achieving a better global environment

Action Guidelines

1. **Develop and provide clean products with minimal environmental impact**
 - (1) Thoroughly incorporate environmental considerations in development and design
 - (2) Promote “green” procurement

2. Promote manufacturing that strives for zero emissions

- (1) Further reduce adverse environmental impacts through resource and energy conservation
- (2) Voluntarily set, execute and monitor goals through the Environmental Committee

3. Expand environmental management systems

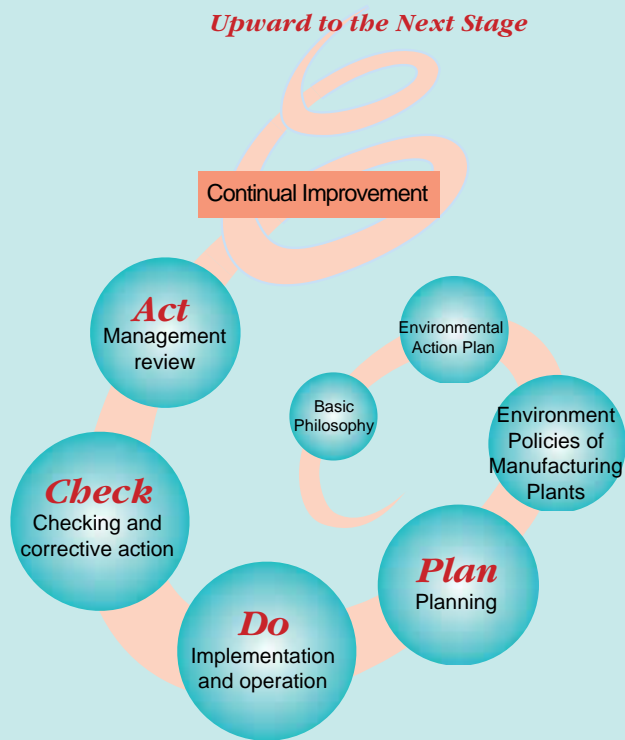
- (1) Strengthen cooperation between the company and its subsidiaries and trading partners
- (2) Firmly grasp environmental protection costs and cost-efficiency

4. Actively participate in public environmental protection efforts as a responsible corporate citizen

- (1) Engage in the creation of a recycling-oriented society
- (2) Thoroughly implement active information disclosure and communication with local communities

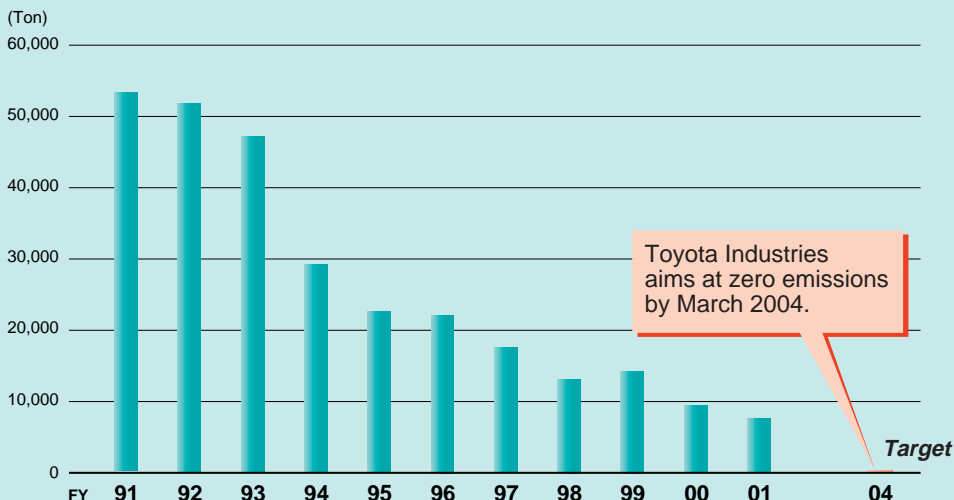
Specific numerical targets include the following: By the end of March 2006, reducing total CO₂ emissions to 95% of the fiscal 1991 level, and to 90% of the fiscal 1991 level by the end of March 2011; by the end of March 2006, reducing total emissions of PRTR (Pollutant Release and Transfer Register) substances specified by the Ministry of the Environment to 50% of

Outline of ISO 14001



the fiscal 1999 level; and by the end of March 2006, reducing total VOC (Volatile Organic Compounds) emissions from paint lines to 50% of the fiscal 1999 level.

Companywide Waste Emissions



System for Environmental Activities (In-House Organization)

To tackle environmental issues in a consistent and organized manner, we have set up the Environmental Committee, chaired by the President. The committee has five specialized subcommittees. Also, each plant has organized its own Plant Environmental Committee and specialized subcommittees to deal with environmental issues regarding individual manufacturing facilities.

Compliance with International Environmental Standards

Toyota Industries is working to obtain ISO14001 certification in order to establish a company-wide environmental management system and fulfill its corporate responsibilities for international environmental protection. As of April 2001, all the production plants of Toyota Industries (i.e., the parent company) had received ISO14001. The same applies to MACI, TIEM and TIESA, our overseas production bases. Four plants of BT Industries acquired ISO14001 certification by March 31, 2001, and its other plants

are currently preparing for certification. We are now seeking to obtain certification for our non-production offices and other group companies.

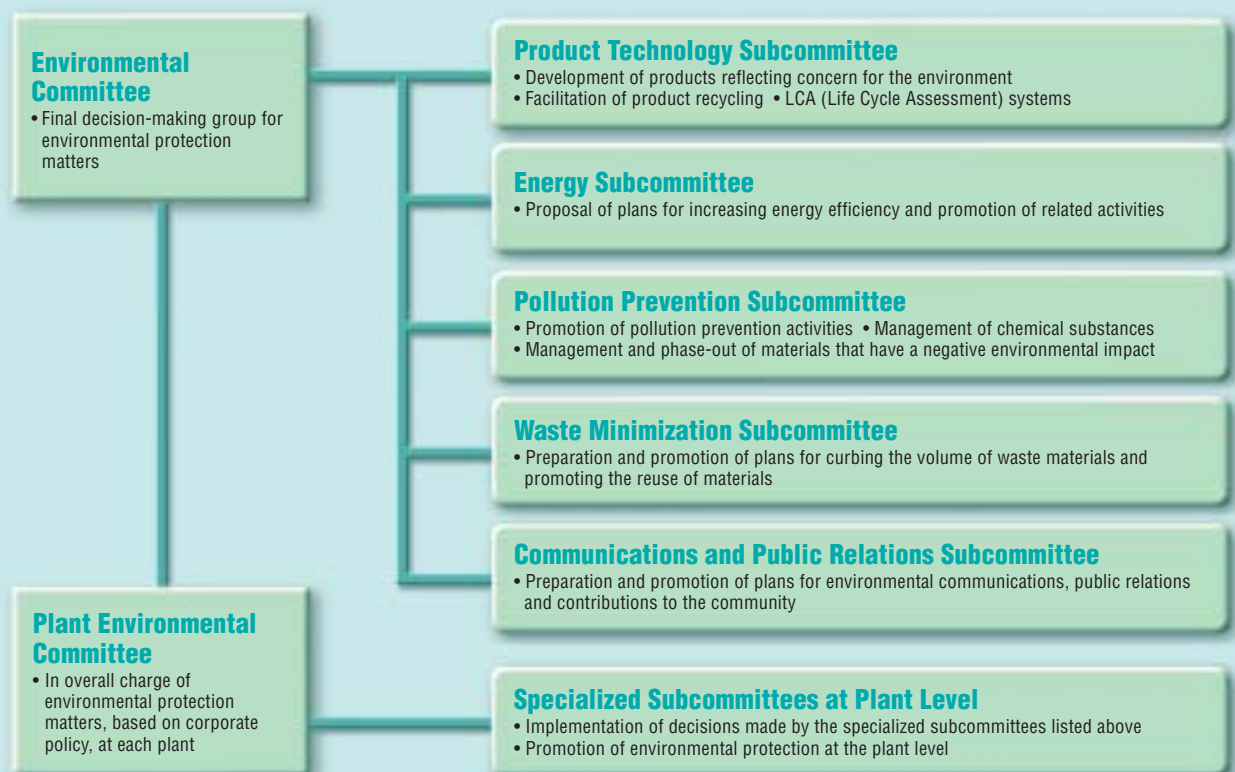
Environmental Audits

Internal audits are carried out by an on-site team with a thorough knowledge of plant operations and specialist training. External auditors from an independent inspection institution visit each site to check that ISO14001 standards are properly met. In fiscal 2001, the external auditors found no significant violations.

Environmental Training

Based on the notion that it is important to raise the environmental awareness of each employee, Toyota Industries regularly conducts environmental training and education programs. These programs include courses for training internal auditors, providing ISO14001 internal auditing education for divisional project leaders, and general education programs for all employees.

Internal Organization for Environmental Activities



Environmental Accounting

While international bodies are working on the range and definition of environmental costs, we are calculating the costs of environmental investment and maintenance and studying cost-efficiency in accordance with the guidelines laid down by the Japanese Ministry of the Environment.

Environmental Reporting

We believe that it is important to explain our environmental protection activities to the general public. In December 1999, we published our first Environmental Report. In August 2001, we published our third edition, Environmental Report 2001. It contains a summary of the activities and performance of our environmental protection programs. To obtain copies of this report, see the last page of this annual report. The contents of the report are also posted on our Web site.

Environmental Protection of Soil and Underground Water

In 1984, Toyota Industries stopped using trichloroethylene, before the Japanese government designated the chlorinated organic compound as toxic. In 1994, under provisional guidelines for soil and underwater pollution issued by the Ministry of the Environment, we voluntarily conducted soil inspection of our plant premises for the substance. We discovered that the amounts of trichloroethylene (including cis-1, 2-Dichloroethylene, a decomposed variant) at the Kariya Plant and the Kyowa Plant in March 1996 and June 1998, respectively, exceeded the allowable limits set by the Ministry of the Environment. Upon this finding, we conducted a more detailed inspection and started a continuous cleanup campaign. Our top priority was to prevent the pollutant from seeping outside the plant sites. We created barrier wells along the downstream side of the plants and pumped out underground water for seepage prevention and purification.

We voluntarily reported the situation to the local government and the local public health center. The health center immediately carried out inspections of surrounding wells, and confirmed that the amount of



Toyota Industries is working to acquire ISO 14001 certification as part of its group-wide environmental management efforts.

the chemical in the wells for drinking water was below the recommended limit.

Though we are not legally bound to publicize these incidents, all Toyota Group companies act upon a common policy to disclose as much information as possible to local communities. In accordance with this policy, Toyota Industries, along with other Toyota Group members, held a briefing session for the residents of the communities on April 27, 2001 and released the findings to the press.

We will remain vigilant about this matter and continue the cleanup campaign. We will also disclose information on other environment-related issues if such issues arise.

For more detailed information, please refer to the Environmental Report 2001, published in August 2001.