

Caring for the Environment

Basic Principle

Toyota Industries, recognizing that preservation of the global environment is an issue that could affect the survival of mankind, embraces environmental soundness as a crucial medium- to long-term 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.



Third Environmental Action Plan

Since we devised the First Environmental Action Plan in 1993, we have tackled environmental issues systematically. In 1996, we revised the plan and announced the Second Environmental Action Plan. As the targets set out in the second plan had almost been met, we unveiled the Third Five-Year Environmental Action Plan (April 2001 – March 2006) in August 2000. This plan defines specific targets and activity guidelines, including "zero emissions"* at all of Toyota Industries' plants by March 2004. The following is an outline of the plan.

* Toyota Industries defines "zero emissions" as reducing emissions to a level equivalent to at least 95% of landfill waste.

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 environmentally preferable purchasing (EPP)

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

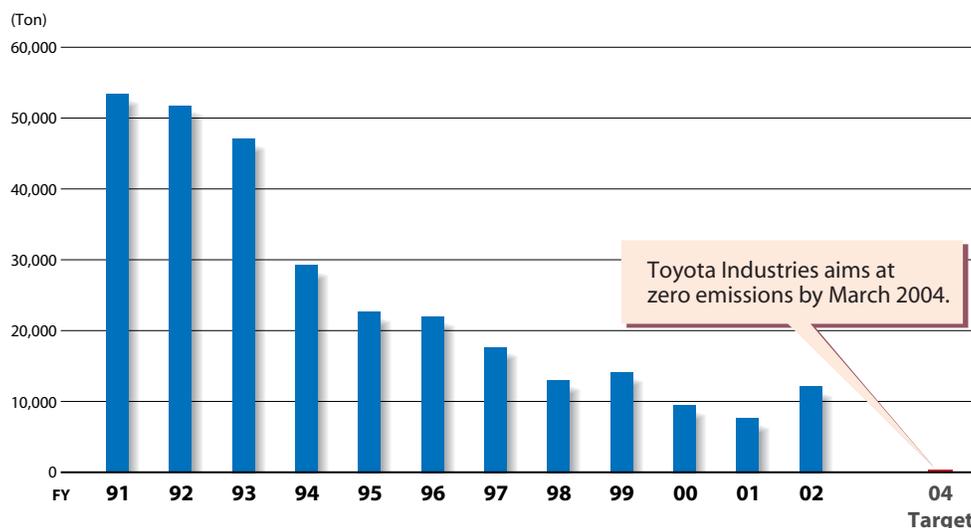
Specific numerical targets include the following: By the end of March 2006, total CO₂ emissions to be 95% of the fiscal 1991 level, and by the end of March 2011 to be 90% of the fiscal 1991 level; by the end of March 2006, total emissions of PRTR (Pollutant Release and Transfer Register) substances specified by the Ministry of the Environment to be 50% of the fiscal 1999 level; and by the same date total VOC (Volatile Organic Compound) emissions from paint lines to be 50% of the fiscal 1999 level.

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 four specialized subcommittees. Also, each plant has organized its own Plant Environmental Committee and specialized subcommittees to deal with environmental issues regarding individual manufacturing facilities.

We realize the need to set up an encompassing organizational structure to uniformly and efficiently manage and promote the environmental activities that each Toyota Industries Group company has been engaged in. We are conducting a feasibility study on this task.

Company-Wide Waste Emissions



Note: Waste emissions increased in fiscal 2002 due to Higashichita Plant's commencement of full-fledged operations.

In-House Organization for Environmental Activities



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. Besides Toyota Industries Corporation's headquarters, which acquired certification in October 2001, all the production plants of Toyota Industries (the parent company), except for the newly established Higashichita and Higashiura plants, had received ISO14001 as of June 2002. The same applies to TIEM, MACI, TIESA, TIK, KTTM and TDDK, i.e., all our overseas production bases except BT Industries. BT Industries is also working on obtaining ISO14001 certification. To date, four out of its seven production bases have been certified. We are working to obtain certification for all our group companies.

Environmental Audits

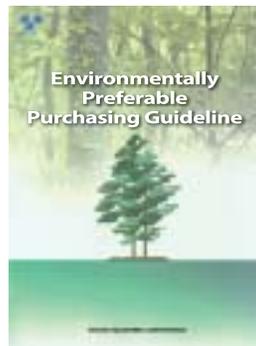
Toyota Industries implements environmental audits internally and externally. Internal audits are carried out by teams of employees who have received specialist training. External auditors from an independent inspection institution periodically visit each site to check that environmental management is being applied in accordance with ISO14001 standards. In fiscal 2002, the auditors found no significant environmental 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.

Environmentally Preferable Purchasing (EPP)

In March 2001, we devised an EPP Guideline and distributed a copy to 700 materials and parts suppliers as notification of our intention to commence “green” procurement. The guideline lays out our intention to establish an environmental management system by the end of March 2004, and procure parts and materials from only those companies considered to have established a system to obtain ISO14001 certification or equivalent.



Environmental Accounting

As environmental issues to tackle increase, so does the importance of accurate analysis and understanding of the costs and effectiveness of environmental investment from the standpoints of corporate management and information disclosure to investors and shareholders. Though international standards regarding the range and definition of environmental costs have not yet been established, we are using the guidelines laid down by the Japanese Ministry of the Environment as a reference to calculate the costs of environmental investment and maintenance and study cost-efficiency.

Our environmental accounting system is still at the trial stage and requires further fine-tuning. At the same time, we are working to create a framework for a consolidated environmental accounting system.

Environmental Reporting

Over the years, we have on various occasions fulfilled our belief that responsible corporate citizens should disclose their environmental protection activities to the general public. For example, we hold regular meetings with local communities. Since 1999, we have also published an Environmental Report, detailing the activities and performance of our environmental protection programs. For details on how to obtain copies of this report, see the last page of this annual report. The contents of the latest *Environmental Report*, together with details of our recent activities and related matters, are also posted on our Web site (<http://www.toyota-industries.com/environment/>) dedicated to environmental issues, launched in April 2002.



<http://www.toyota-industries.com/environment/>