



Kanto Auto Works has published an environmental report each year since FY2000 to disclose information on its environmental and other activities.

This FY2009 edition focuses on activities carried out in the third year of the implementation of the Fourth Environmental Action Plan that specifies the actions to be taken between FY2006 and FY2010. Kanto Auto Works will continue to enhance the content of the Environmental & Social Report through its efforts towards realizing sustainable corporate management and making advances aimed at maintaining and improving the natural environment.

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Vehicle Bodies Manufactured

Higashifuji Plant



Century



Lexus SC430



Isis



Corolla Fielder

*Other vehicle series manufactured:
 Crown Sedan, Crown Comfort, Comfort, and Corolla Sedan (for export)

Iwate Plant



Belta



Auris



Blade



Corolla Rumian

*Other vehicle series manufactured:
 Scion xB (for export to North America)

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*This report mainly covers Kanto Auto Works' environmental activities on an unconsolidated basis during FY2008 (April 2008 to March 2009), but also includes some information pertaining to FY2009.

Pursuing Sustainable Development

The global efforts to help prevent global warming are intensifying, such as the international negotiations taking place this year to reach a consensus on the post-Kyoto Protocol framework for greenhouse gas emissions for the period starting from 2013.

As a corporation involved in the automotive industry, Kanto Auto Works is aware of the importance of solving energy and environmental issues such as global warming.

We are also engaging in activities to foster a customer-oriented corporate culture. The starting point of all our activities is product development and production that is centered on the customer. Kanto Auto Works manufactures vehicles that are both user-friendly and environmentally considerate, as a way to help solve environmental and energy issues.

The Environmental & Social Report 2009 incorporates details concerning activities in FY2008, the first year of the Fourth Environmental Action Plan, that was formulated to cover the period through FY2010.

It is my hope that this report will raise understanding regarding Kanto Auto Works' environmental initiatives, its views on corporate social responsibility, and some of the initiatives designed to fulfill that responsibility. In the future, we will continue our efforts to promote the realization of sustainable social and environmental development.

I look forward to receiving your frank comments and opinions concerning this report.

June 2009



President, Kanto Auto Works, Ltd.

Tetsuo.Hattori

Company Outline

Name: Kanto Auto Works, Ltd.

Date of establishment: April 25, 1946

Capital: 6.85 billion yen

Number of employees: 5,877 (as of the end of March, 2009)

Stock exchanges on which the company is listed: Tokyo, Nagoya

Principal fields of operation: Planning, R&D and production for

Toyota vehicles and production of the Toyota Home lineup.

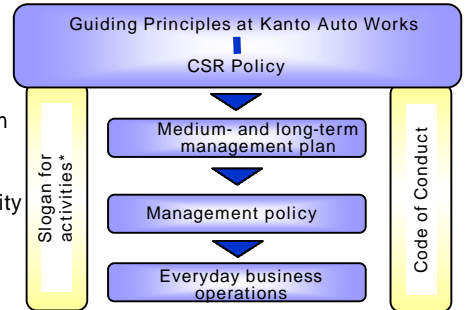
Business Principles

Contributing to society through sound corporate activities that are in harmony with people, society, and the global environment
 In 1992, Kanto Auto Works identified and defined the concepts and values that serve as the pillars of its management and adopted them as the Guiding Principles at Kanto Auto Works Corporation.

All Kanto Auto Works' employees understand and adhere to these concepts and values, which have been passed on to successive generations through the company's corporate activities.

Guiding Principles at Kanto Auto Works (adopted in 1992, revised in 1998)

1. We will honor the language and spirit of the law of every nation and work to become a company that is trusted by society through transparent corporate activities.
2. We will actively work to achieve harmony with society and the environment in all corporate activities.
3. Based on the "customer first" principle, we will conduct research, design and manufacturing, and provide outstanding products that respond to the needs of the times.
4. We will nurture a motivating corporate culture that abounds with creativity and a spirit of taking on challenges in the pursuit of long-term growth.
5. We will respect self-initiative in working to achieve our dreams and gain pride as a corporate citizen.
6. Based on fair business relationships and mutual trust, we will devote ourselves to mutual benefit to achieve long-term development.



* "Customer-oriented Stance" and "Moving Forward"

Approach to CSR

Our Corporate Social Responsibility (CSR) activities involve contributing to society through making cars and other things, and are an expression of our Guiding Principles.

The Guiding Principles have been compiled into a CSR Policy that states what social responsibilities Kanto Auto Works, as a corporation, should undertake in relation to all of its stakeholders, including customers, employees, business partners, stockholders, and regional/global society; and these principles are being promoted among our employees.



Card featuring the CSR Policy

The Fundamental Point for all Conduct

Kanto Auto Works undertakes activities designed to create a "customer-oriented company," and at the end of FY2003 declared a "customer-oriented stance" to be the fundamental point for all corporate activities.

In addition, all employees of Kanto Auto Works use the phrase "moving forward" as the basic attitude for conduct in carrying out all corporate activities.

当社はお客様本位の会社です

We will do our best for all customers.

The fundamental point for all conduct is a "customer-oriented stance"

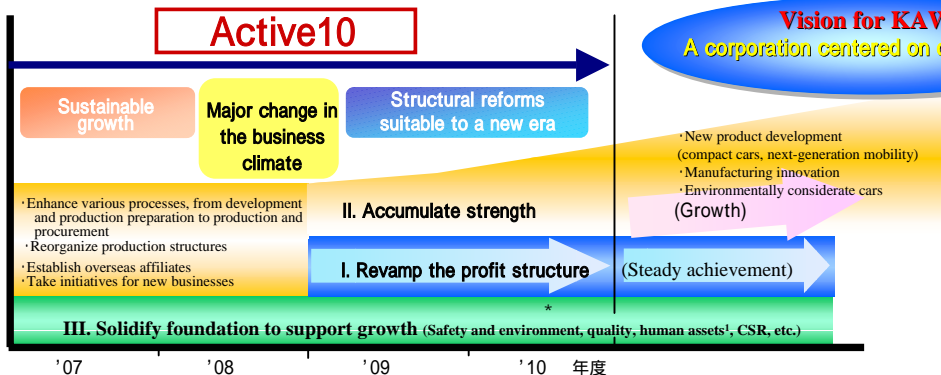
Three aspects that have been incorporated into the phrase "moving forward":

1. Adopt a stance of always "moving forward"
2. Front loading of plans
3. Always return to the fundamental point and begin again



"Moving forward" is the basic stance for all conduct

2010 VISION — Active 10 (Medium- to long-term business plan)



1. The term "human assets" is used to indicate that every individual becomes a "corporate asset."

Corporate Governance

Reinforcing corporate governance to fulfill our corporate social responsibilities

Kanto Auto Works seeks to develop good relations with all stakeholders as well as long-term, stable growth and development to enhance corporate value. Kanto Auto Works believes that ensuring the soundness, efficiency, and transparency of management and improving internal controls and corporate governance are essential for achieving these objectives, and continuously makes assessments and improvements in these areas.

Board of Corporate Auditors Ensures Management Transparency

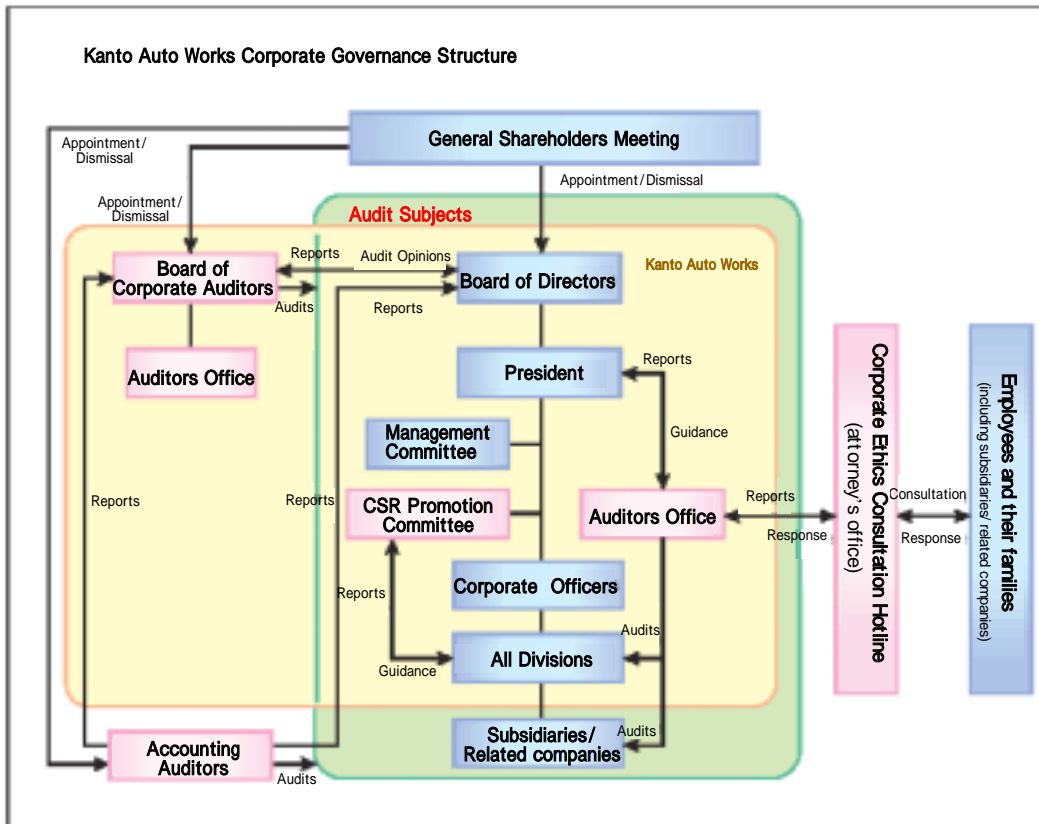
Corporate auditors attend key internal meetings, including Board of Directors meetings, and monitor operations and finances to oversee the performance of duties by directors as well as the operations and financial condition of Kanto Auto Works and its subsidiaries. Kanto Auto Works also established the Auditors Office, staffed by specialists not under the authority of the company's directors, to reinforce oversight functions with respect to the performance of duties by directors.

Special Committees Established to Respond to Company-wide Issues

In order to respond effectively to major company-wide issues such as compliance, risk management, and environmental conservation, Kanto Auto Works has established a number of committees, including the CSR Promotion Committee, Risk Finding/Assessment Committee, Environmental Conference, and Central Health and Safety Committee. Each of these Committees deliberates on optimal management and corporate conduct and monitors their respective fields.

Internal Control Structure Created

In response to the requirements of the new Company Law (effective as of May 2006), Kanto Auto Works adopted the Basic Policy concerning Creation of Internal Control Structures, established new structures, and is promoting and reinforcing the development of internal controls on an ongoing basis.



Compliance

Ensuring strict compliance to enhance society's confidence in the company

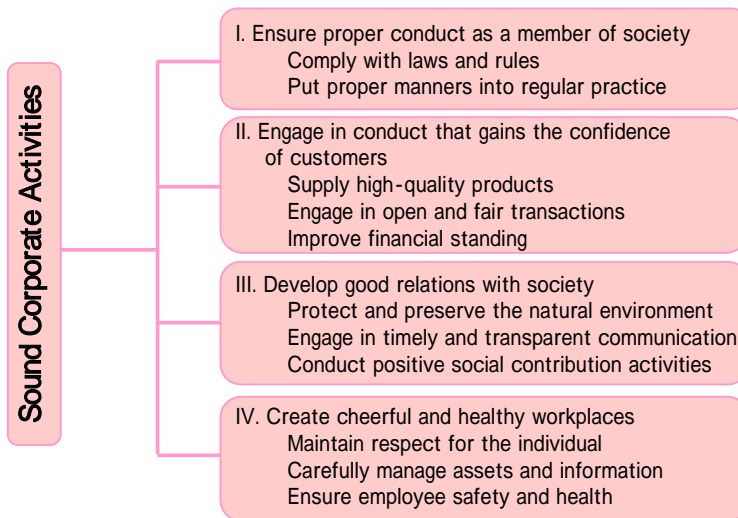
Kanto Auto Works has made compliance a priority management issue, and is working to develop organizations and a corporate culture that view compliance not simply as observing applicable laws and regulations but encourage the company and each individual who works for it to engage in sound conduct in compliance with high ethical standards as a corporate citizen and as members of society.

Corporate Ethics Committee

The CSR Promotion Committee, which consists of all directors and full-time corporate auditors, considers and makes decisions relating to issues and policies concerning overall corporate conduct, including compliance, risk management, and social contribution.

Disseminating and thoroughly complying with the “Code of Conduct”

In June 2005, the Code of Conduct for Kanto Auto Works Employees was adopted to ensure thorough compliance by all directors and employees of Kanto Auto Works and its subsidiaries and affiliates. Training and educational programs were conducted to raise awareness concerning compliance with applicable laws and regulations as well as internal regulations, and concerning appropriate conduct as members of society.



The Code of Conduct

Compliance education

We have created our own materials for each employee level, including new employees, those in management positions, and the employees in charge of operations; and by continually implementing compliance education that comprehensively spans everything from overall legal issues to specialized fields, we are promoting improved compliance awareness and fostering the acquisition of knowledge related to a variety of laws and regulations.

Internal Audits by the Audit Office

The Audit Office, under the direct authority of the president, plays a central role in monitoring compliance and conducts internal audits. Kanto Auto Works will continue to strengthen audit-related structures and to promote internal audits regarding compliance.

Establishment of the Corporate Ethics Consultation Hotline

To achieve lasting growth as a good corporate citizen and to establish open and pleasant workplaces, Kanto Auto Works established a Corporate Ethics Consultation Hotline. Group employees and their family members can direct questions and inquiries concerning compliance issues via e-mail or telephone to the hotline, which has the necessary structures in place to provide appropriate responses.

Topic

New Wastewater Treatment Facility



Improving Water Quality of Treated Plant Wastewater

New Wastewater Treatment Facility at the Higashifuji Plant

Wastewater from the plant is treated at the wastewater treatment facility and then released back into the river.

The quality of this treated wastewater is being improved as part of an effort to reduce the environmental impact on the surrounding region.

Introduction of New Wastewater Treatment Facility at the Higashifuji Plant

A new wastewater treatment facility equipped with the latest technology, such as sludge reprocessing equipment (developed by Kanto Auto Works) and an automatically operated aeration tank that measures BOD*, has been installed at the Higashifuji plant in order to reduce the use of chemicals and improve water quality during wastewater treatment.

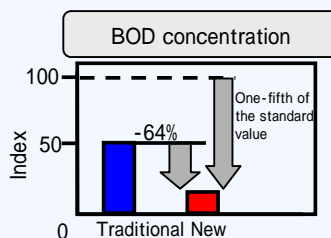
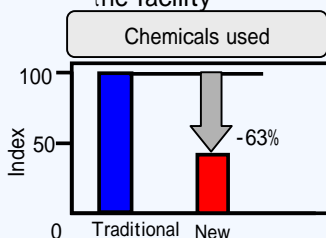
*BOD: Biochemical Oxygen Demand

Differences between a Conventional Facility and the New Wastewater Treatment Facility

	Conventional system		New system
Wastewater treatment process			
Sludge treatment	Chemical infusion	Regular infusion of new chemicals on two separate occasions	Infused chemicals reactivated and reused
	Dehydration treatment	Treats three varieties	Treats one variety
Aeration tank	Five days required for BOD measurement		Real-time measurement with BOD analyzer
Size	2,500 m ²		1,000 m ²

Benefits

- Requires fewer chemicals and improves water quality
- Faster processing, smaller equipment and a vertical configuration reduce the size of the facility



KDB Commences Component Production

Overview of KDB

Overseas expansion is a key business priority for Kanto Auto Works, and a big first step in this direction was the establishment of its first overseas subsidiary: Kanjiko Do Brasil (KDB). (KDB was registered as a corporation in July 2006, and its production of stamped and welded components began in February 2008)

Plant Location



Plant Exterior



Plant Overview

- Plant land area: 237,000 m²
- Building area: 6,000 m²
- No. of employees: Approx. 200
- Production components (for the Corolla):
63 stamped components;
18 sub-ASSY welded components



KDB's Initiatives

Received Toyota Special Contribution Award for start-up the new Corolla



Quality

Environment

Cost

KDB

Delivery Time

Regional Contribution

Acquired ISO14001



Received Outstanding Performance Award at the Mercosur Suppliers Conference for short delivery times and excellent cost performance



From the left: Mayor of Salto, President Ito, municipal council members, Deputy Mayor



Environmental Aspects

Environmental Management

Approach to Environmental Issues

Kanto Auto Works responded to the revisions to Toyota Motor Corporation's Toyota Earth Charter that were made in order to achieve even higher goals by revising its Comprehensive Approach to Environmental Issues in March 2001 and undertaking action based on the revised policy. In addition, consideration of the environment as a priority management issue has been incorporated into the Guiding Principles at Kanto Auto Works to further clarify the stance of environmental conservation activities.

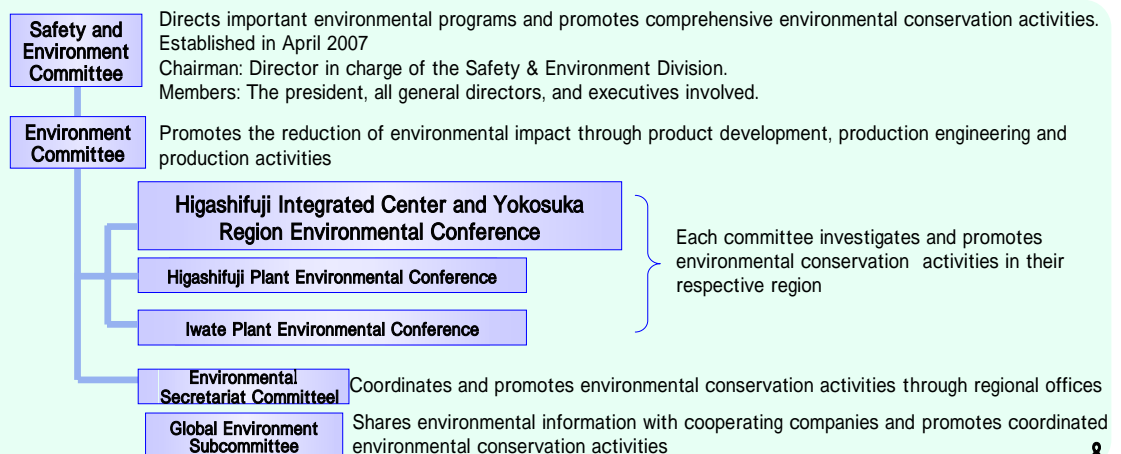
Comprehensive Approach to Environmental Issues

- 1. Contribution to a prosperous 21st century society**
Aim for growth that is in harmony with the environment and undertake the challenge of achieving zero emissions throughout all areas of business activities.
- 2. Development of environmentally considerate products and technologies**
Consolidate the technologies developed thus far, enhance them, and promote the development of products and technologies that enable the environment and economy to coexist harmoniously.
- 3. Voluntary actions**
Assess the impact on the environment in all stages (from development and production to use and disposal) and promote voluntary environmental initiatives that go beyond compliance with legal standards.
- 4. Working in cooperation with society**
Build close and cooperative relationships with a wide spectrum of individuals and organizations involved in environmental conservation, including related companies.

Environmental Policy

- Comply with national and local environmental laws and regulations as well other requirements, forecast and assess the environmental impact of automobile production, and strive to conserve and improve the environment.
 - Promote the manufacturing of products that both reduce environmental impact and satisfy customer needs by actively working on lowering vehicle weight, improving recyclability, and reducing substances of environmental concern—beginning at the product development stage.
 - Improve employees' awareness of environmental conservation, under the company slogan of "moving forward," and encourage employees to take responsibility for helping to build a recycling-based society.
 - Enhance communication with local communities and contribute to local environmental conservation initiatives.
 - In order to exist in harmony with abundant nature, continuously improve our environmental management system to reduce environmental impact.
 - In order to implement this environmental policy, set goals and targets, assess the achievement progress on a regular basis, and
- Kanto Auto Works ensures that all of its employees fully understand its environmental policy, in addition to disclosing that policy publicly.

Implementation Structure for Environmental Initiatives



Fourth Environmental Action Plan and Results of Activities in FY2008

Fourth Environmental Action Plan

To contribute to a prosperous 21st century society and aim for growth that is in harmony with the environment, Kanto Auto Works has adopted the Fourth Environmental Action Plan as a five-year plan from FY2006 to FY2010 that undertakes the challenge of achieving zero emissions in all of its business activities.

Action item		Specific actions and goals
Energy/Global Warming	Development/ Design	Development of light-weight technology to contribute to better fuel efficiency
	Production/ Logistics	Active promotion of CO2reduction measures
Recycling of Resources	Development/ Design	Further advancement and implementation of designs for recycling (DfR)
	Production/ Logistics	Promotion of the effective use of resources to contribute to the creation of a recycling-based society
		Reduction of water consumption
Substances of Concern	Production/ Logistics	Promotion of management and further reduction in the use of substances of concern (SOC) -Eliminate the use of four SOC (lead, mercury, cadmium and hexavalent chromium) globally
	Production	Reduction of volatile organic compound (VOC) emissions
		Reduction of substances subject to the PRTR Law* *Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in their Management
Environmental Management	Management	Strengthening of consolidated environmental management
		Enhancement of cooperative activities with suppliers
		Enhancement of environmental education
	Cooperation with Society	Reduction of environmental impact over the entire lifecycle of the product through active implementation of Toyota Eco-VAS* (Eco-Vehicle Assessment System)
		Contribution to the development of a recycling-based society
	Improvement of environmental information disclosure and two-way communication	

Goals for FY2008 and Activity Results

FY2008 marked the third year of implementation of the Fourth Environmental Action Plan; and goals were achieved in all areas.

FY2008 Goals (unconsolidated basis)		Activity results		Evaluation	Related pages in this report
Set a goal for the vehicle weight of each vehicle series to be developed		Vehicle weight goals achieved	Promoted activities to achieve vehicle weight of each vehicle series to be developed	○	P 11
Production	CO ₂ emissions: 112,000 tons-CO ₂ or less	88,000 tons-CO ₂	Activities to reduce CO ₂ were advanced through efforts that included introduction of handmade improvement and diligent everyday improvements.	○	P 14
Logistics	CO ₂ emissions: 6,312 tons-CO ₂ or less	5,567 tons-CO ₂	Enhanced mixed loading and utilized two-way runs Utilized marine and rail transport	○	
Set goals for the recycling rate and dismantling time of each vehicle series to be developed		Recycling goals achieved	Promoted designs for recycling (DfR), developed an easy-to-dismantle structure for each vehicle series developed, and used easy-to-recycle materials	○	P 13
Production	Volume of materials discarded 122kg/vehicle or less	102kg/vehicle	Reduced the volume of materials discarded by implementing action at the source, such as improving the yield of stamping machines	○	P 17
Logistics	Packaging material usage: 1,179 tons or less	840 tons	Promoted actions to reduce packaging material usage, such as changing material composition and reassessing size and shape	○	
Production	Water consumption: 2.6m ³ per vehicle or less	2.3m ³ per vehicle	Promoted the continued implementation of measures to reduce water consumption	○	
Set reduction goals for substances of concern by vehicle series developed		Achieved goals for SOC reductions	The switch-over to parts that do not contain substances banned by the EU ELV directive was advanced as planned	○	P 13
Production	Reduce VOC emissions to 44g/m ² or less	37 g / m ²	Reduced the usage of cleaning solvents and improved their recovery rate	○	P 18
	Reduce the discharge of substances subject to the PRTR law to 1,244 tons or less	753t	Linked reduction activities to VOC emissions reduction measures Switched to the use of purge solvents that contain only a small percentage of PRTR substances	○	
Manage and enhance the environmental performance (CO ₂ emissions, etc.) at consolidated affiliates		Implemented measures to manage and enhance environmental performance (CO ₂ emissions, etc.) at all consolidated affiliates		○	P 22
Enhance SOC management		Requested suppliers to implement voluntary activities to enhance their environmental performance Issued the Green Purchasing Guidelines in December 2006, and promoted action		○	P 37
Full-scale implementation of Eco-VAS		Implementation as planned of new-employee training, appointment of new persons in charge of promoting environmental issues, and new hiring of employees over the course of the year.		○	—
Request suppliers to improve environmental performance		Assessed the environmental impact of vehicles throughout their entire life cycle		○	—
Carry out beautification activities Cooperate with environmental protection organizations		Carried out cleaning activities in the areas around each business site Conducted environmental protection activities in cooperation with various organizations		○	P 30
Further enhance communication with local communities		In collaboration with prefectural authorities, meetings were held to discuss Kanto Auto Works environmental activities with local communities on December 3 at the Iwate Plant and on February 18 at the Higashifuji Plant		○	P 20 , 21



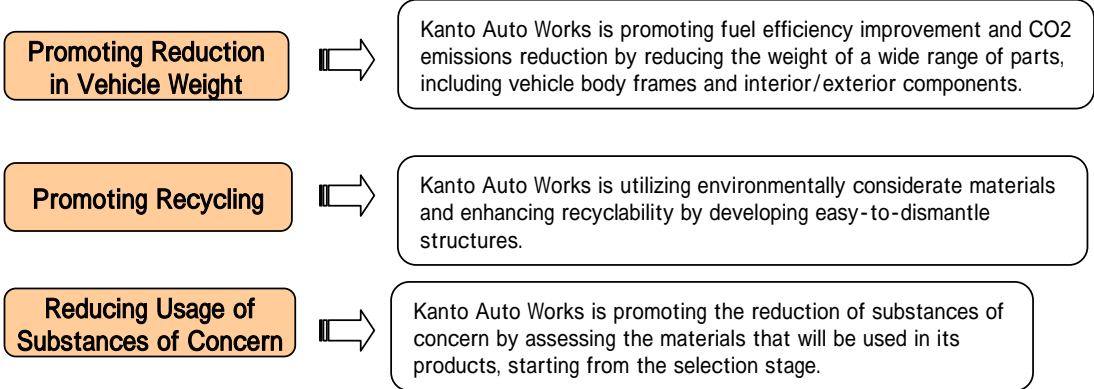
Development and Design

Development of Environmentally Considerate Products and Technologies

Kanto Auto Works is continually striving to develop products and technologies that will help to achieve a recycling-based society in harmony with the environment that future generations can also enjoy. To ensure that the products that are being developed and produced now will not adversely affect the environment in the future, Kanto Auto Works uses Life Cycle Assessment (LCA). This method takes into consideration the impact that products will have on the environment, starting at the development and production stages all the way through the use and disposal stages, thus enabling the provision of products with less environmental impact.

Environmental Policy for Product and Technology Development

Kanto Auto Works is always actively developing environmentally considerate products and technologies.



Promoting Reduction in Vehicle Weight

Kanto Auto Works is advancing improvements in fuel efficiency and reductions in exhaust emissions by reducing the weight of vehicle bodies.

Status of Measures to Promote Vehicle Weight Reduction

Example 1 of measures to reduce vehicle weight

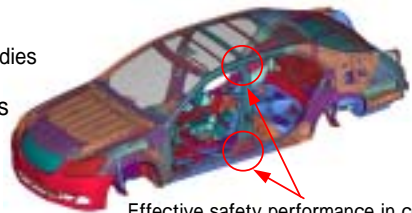
Initiatives to develop lightweight and extremely rigid vehicle bodies

Created vehicles that are lightweight and safe in collisions by adopting high tensile strength steel plates.

Created vehicle bodies that are lightweight and safe in collisions through the use of structural analysis to optimize the balance with other parts and ensure joint rigidity, which is effective in enhancing safety performance in collisions.

Achieved both noise and weight reduction by designing optimum structures for various parts and optimally placing noise-insulating and noise-absorbing materials based on internal noise properties.

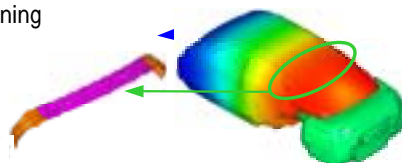
Collision safety



Effective safety performance in collisions

Optimum design based on structural analysis

Sensitivity



Structural optimization based on noise properties

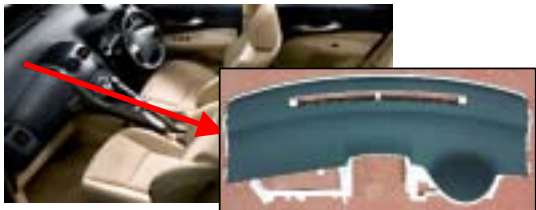
Effective vibration restraintment through optimal placement of the rear header

Status of Measures to Promote Vehicle Weight Reduction

Example 2 of measures to reduce vehicle weight

Development of a soft, environmentally-considerate instrument panel

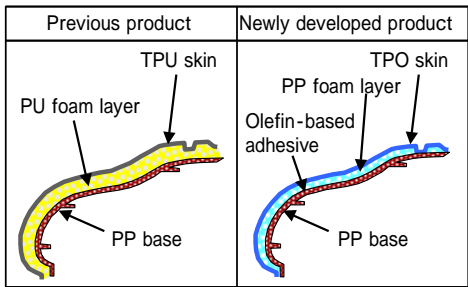
When developing vehicles, it is extremely important to make interior components lightweight and environmentally-considerate. With its newly developed soft instrument panel manufacturing technology and materials, Kanto Auto Works was able to simultaneously achieve both low cost and significant weight reduction, while substantially reducing the CO2 emitted during manufacturing.



New soft instrument panel adopted in the Blade Master

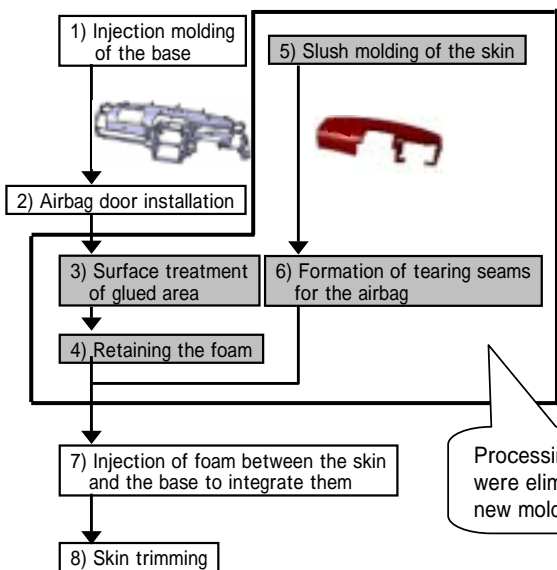
Kanto Auto Works developed a new product consisting of a TPO skin, PP foam layer, and an olefin-based adhesive to replace the formerly used TPU skin and PU foam layer. This has resulted in an improved feel and reduced weight by 20% compared to the previous product.

By eliminating certain processing steps, including the formation of the skin by itself and the application of surface treatment to the base material, Kanto Auto Works manufacturing (by 70% compared to the previous product).



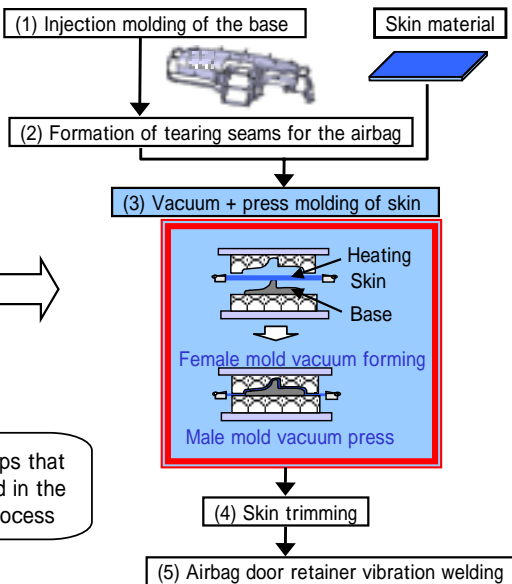
Change in material composition

Molding process for the conventional product (8 steps)



Processing steps that were eliminated in the new molding process

Molding process for the newly developed product (5 steps)





Promoting Recycling

Kanto Auto Works is working to improve recyclable design for a number of aspects, including adopting easy-to-recycle materials, promoting the use of recycled materials, and using easy-to-dismantle structures, with the aim of developing designs that effectively utilize the limited resources available and reducing the volume of waste generated.

Status of Measures to Promote Recycling

Examples of Measures to Promote Recycling

Actively began using Toyota Super Olefin Polymer (TSOP), a thermoplastic resin with excellent recyclability
Began using the “Easy to Dismantle Mark” to indicate certain points that assist in initial dismantling



Front and rear bumper that uses TSOP



“Easy to Dismantle Mark”



Easy-to-dismantle door trim



Reducing Substances of Concern

In order to reduce the substances of concern generated when disposing of ELVs, Kanto Auto Works is actively implementing environmentally considerate actions, starting at the design and development stage.

Reduction Goals for Substances of Concern

(Japanese automobile industry’s new voluntary goals announced in November 2002)

Lead	Reduction to 1/10 or less of the 1996 level in vehicles launched in 2006 and after (except for lead-acid batteries)
Mercury	Usage prohibited once the Automobile Recycling Law comes into effect (except for parts that assist in road safety)
Cadmium	Usage prohibited from 2007
Hexavalent chromium	Usage prohibited from 2008

Reduction Status of Substances of Concern

Examples of measures to reduce substances of concern

Began using chlorine-free TPO (Thermo Plastic Olefin) in moldings

Began using mercury-free bulbs in discharge headlights

Switched the balance weight for meter needles from lead to plastic, thus reducing lead usage.

Also switched meter illumination from bulbs to LEDs, eliminating the use of mercury.



Use of mercury-free bulbs in headlights



- Switched the balance weight for meter needles from lead to plastic.
- Eliminated the use of mercury by switching to LED-based illumination.

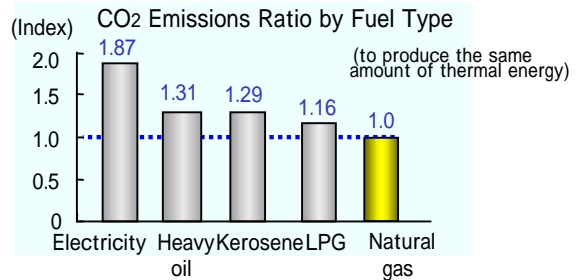
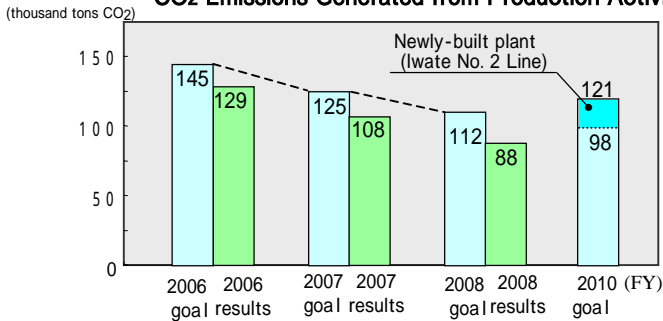
Production/Logistics

Energy/Global Warming

Reduction of CO₂ Emissions Generated from Production Activities

During FY2008, its third year of taking initiatives towards achieving the goals of the Fourth Environmental Action Plan, Kanto Auto Works actively promoted activities to reduce CO₂ emissions in order to help prevent global warming. This effort centered on the introduction of the cogeneration system at the Iwate Plant and the Higashifuji Plant, which significantly reduced CO₂ emissions.

CO₂ Emissions Generated from Production Activities

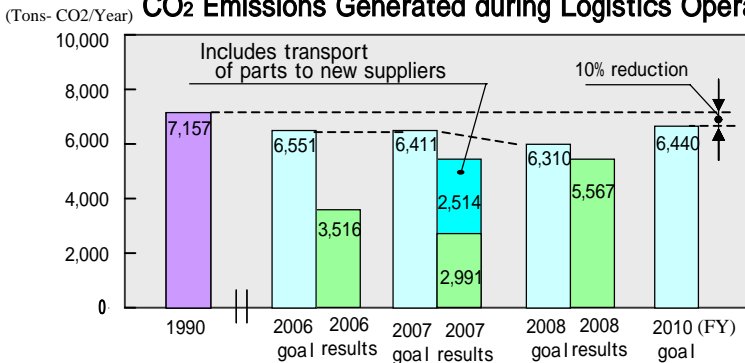


Reduction of CO₂ Emissions Generated During Logistics Operations

The FY2010 goal for reducing CO₂ emissions from logistics operations has been set at 10% below the FY1990 level. In order to reduce in environmental impact a modal shift* was implemented from ship to rail transport. Other measures to reduce the volume of CO₂ emitted from logistics operations include improving loading rates and sharing shipment space.

*Modal shift: Refers to a change in the transport and shipment methods; in particular, transporting goods via ships or railways instead of trucks.

CO₂ Emissions Generated during Logistics Operations



[Best Practices for Improving Efficiency of Freight Transportation]

- Inter-plant transportation: Teaming up with transportation outsourcing companies to consolidate cargo for existing routes and use return trips to also transport cargo.
- Intra-plant transportation: Reviewing existing routes and first considering whether existing routes can be expanded before establishing any new route.
- Inter-company transportation: Expanded use of existing routes and loading cargo for return trips, as well as examining ways to improve loading rate (whether via truck, ship, or train).

Examples of Initiatives to Conserve Energy

Ask the Designer

Saving Energy by Eliminating the PP Sheet Warming Lamp



Atsushi Ogawa
F301 Body
Vehicle Body Dept.,
Higashifuji Plant

Among the many processes for manufacturing automobiles, the body process is one that uses large amounts of electricity, air, and water. For that reason, we have continuously promoted measures to reduce energy use in that process in order to reduce CO₂ emissions.

The body process uses numerous robots, so our supervisor asked us to focus on the heat generated by the robot control panels and find ways to reuse it. We searched for ways to utilize that heat and we came up with the improvement of eliminating the warming lamp for the PP sheet, which was used only in winter.

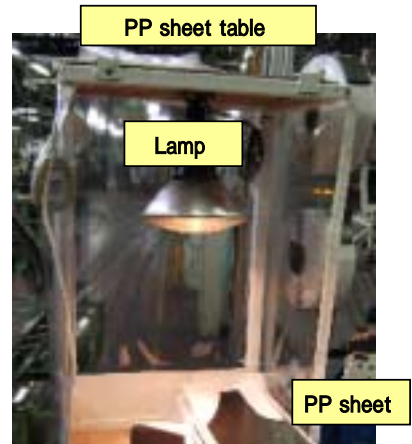
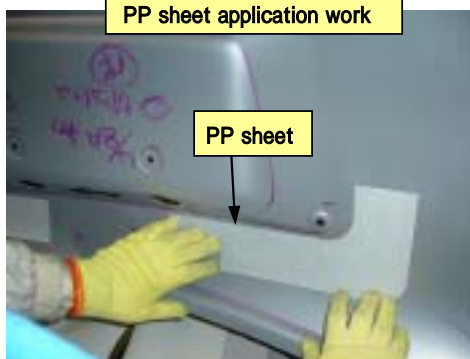
I would like to remember the feeling of achievement we had in solving that problem on our own and continue to come up with such improvements.

Previous situation

A vibration-prevention material called a “PP sheet” is applied to car doors and trunk lids. However, when the sheets are applied in colder temperatures in winter they tend to peel off. To prevent this, a lamp is placed under the PP sheet table to keep the sheets warm.

Point of focus

How to utilize heat generated by the robot control panel

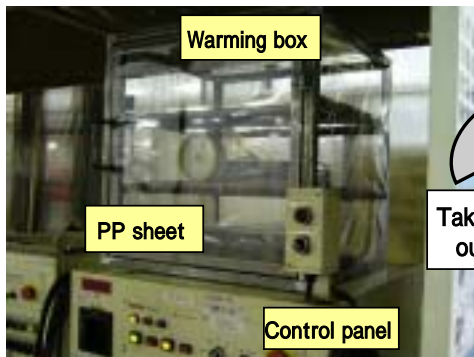


After improvement

Innovative feature

- * Utilizing the heat generated by the robot control panel
- * Proposing a warming box with excellent thermal in-flow

Making a hand-made warming box ⇒ Eliminating the lamp used for keeping the PP sheets warm



Mesh floor of the warming box allows the heat to flow in



Covering the PP sheets with plastic ⇒ Preventing the sheets from getting cold after their removal from the warming box

Reduction of 446.2 Kg-CO₂ per year

Examples of Initiatives to Conserve Energy

Ask the Designer

Saving Energy by Creating a Low-thrust Extractor and Non-powered Lifter

The Manufacturing Engineering Dept. introduces automation into production processes using new technologies, with a particular focus on promoting improvements that support the principle of fundamental safety*1 and rely on non-powered devices. Recently, we created a collaborative device that employs both a transporter that uses an ultra-low-thrust motor and a non-powered lifter that uses a spring. More specifically, the lifter is equipped with a mechanism that maintains a constant descending speed even when the parts to be lifted vary in weight.

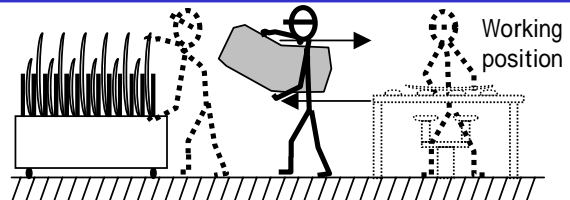
We hope to continue creating innovative devices, relying on our own wisdom, creativity, and attention to detail.



Hiroyuki Chiba
Manufacturing Engineering Dept.
Administrative Dept.
Iwate Plant

Previous situation

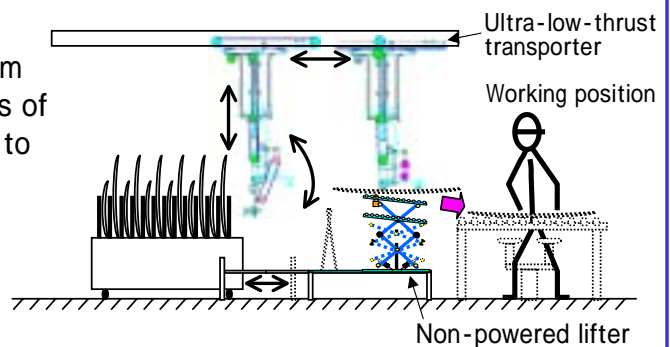
The task of removal from a trolley and carrying window glass pieces that are heavy and vary in weight must be performed with great care.



After improvement

Designing an energy-saving system that can handle the entire process of lifting window glass and moving it to the manufacturing area.

1. Ultra-low-thrust extracting system

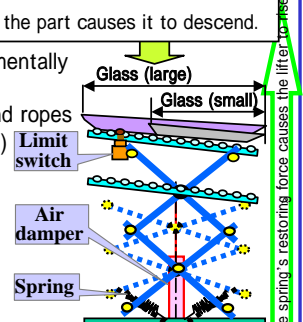


Innovative feature

Non-powered transporting system that is fundamentally safe and works in tandem with the human operator

- (1) Extractor that uses an ultra-low-thrust motor and ropes (fundamental safety¹)
- (2) Non-powered lifter that relies on springs

The limit switch on the air damper adjusts the expelled air volume according to the weight (size) of each piece of glass, thereby maintaining a constant descending speed.



Effects

- Fundamental safety¹ and energy saving achieved through the use of an ultra-low-thrust motor (DC 24V, 20W motor)
- Ability to move pieces of glass of varying weights without using any power and without applying any shock
- System simplification leading to a reduction in the number of processes and footsteps required by the worker to remove glass (reduction of 18 seconds per unit)
- Elimination of an operation requiring the worker to turn around, as well as one that required the worker to carry a heavy object

Reduction of 554 Kg-CO₂ per year*2

*1. The concept of "fundamental safety" refers to the reduction or elimination of the actual causes that lead a machine to harm people or the environment

*2. Compared to the case where a conventional large-capacity motor is used

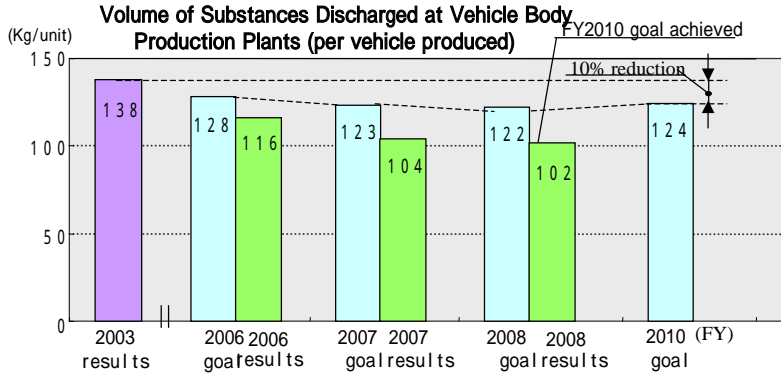
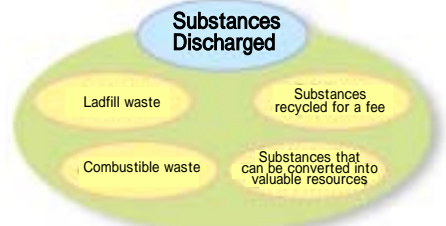
Recycling of Resources

Activities to Reduce the Volume of Substances Discharged

Kanto Auto Works expanded actions to reduce the volume of all substances discharged, while continuing its actions to achieve zero landfill waste and reduce combustible waste that were begun in FY2005. The FY2010 goal is a 10% reduction in the volume of substances discharged per vehicle produced compared to the FY2003 level. Kanto Auto Works met this goal in FY2008.

Continued to promote the improvement of yields for scrapped materials in the stamping process, which account for over 90% of substances discharged.

Note: The term "substances discharged" includes landfill and combustible waste, substances recycled for a fee, and substances that can be converted into valuable resources



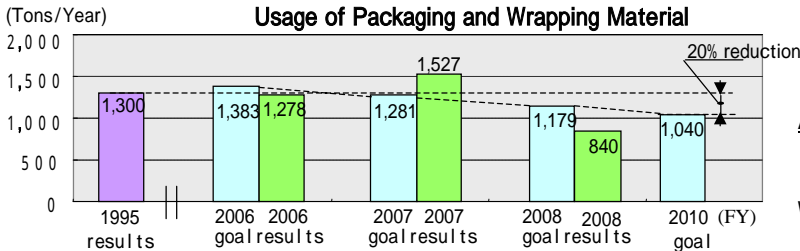
- Items Implemented in FY2008 (including ongoing activities)**
- Reducing un-adhered paint
 - Reducing wastewater sludge
 - Recycling
 - Recycling discarded plastics
 - Recycling wastewater sludge as raw material for cement
 - Recycling waste oil and waste paint thinner
 - Conversion into valuable resources
 - Conversion into valuable resources
 - Waste oil, · Metals, · Used paper

Activities to Reduce Usage of Packaging and Wrapping Materials

Kanto Auto Works has set a goal of reducing the usage of packaging and wrapping materials by 20% by FY2010, compared to the FY1995 level.

In FY2008, Kanto Auto Works has already achieved its FY2010 reduction goal by modifying the packaging and wrapping materials (switching from carbonated board to bubble sheets).

Example of improvement
Change of packaging materials



Before improvement
Packaging bumpers with corrugated board



Weight: 5kg per bumper

After improvement
Use of bubble sheets

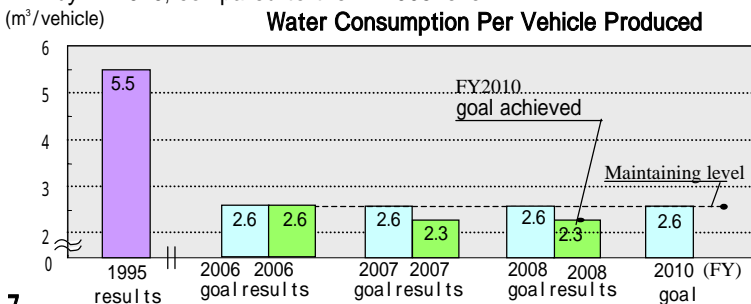


Weight: 0.5kg per bumper

Activities to Reduce Water Consumption

The water consumption goal is to reduce water consumption by 50% by FY2010, compared to the FY1995 level.

Example of improvement
Use of rainwater



Content of improvements

Collecting water in drum cans at each shop:
2 drum cans per month at each shop
After filtering the water is used for such tasks as washing work gloves or cleaning the floor



Reduction of Substances of Concern

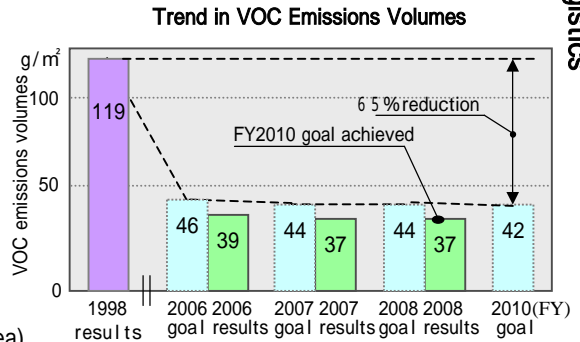
For the Fourth Environmental Action Plan, Kanto Auto Works focused on the management and reduction of VOC emissions and substances subject to PRTR, and is taking action focused on the painting processes of automobiles and parts (bumpers, etc.).

Reducing VOC Emissions

The goal for VOC emissions during vehicle body painting is a 65% reduction compared to the FY1998 level (per unit of painted area) by FY2010.

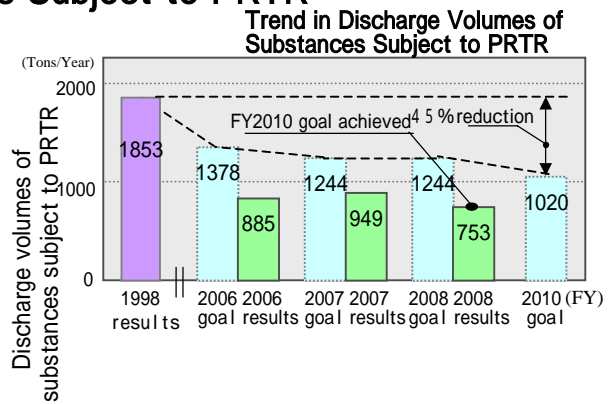
In FY2008, Kanto Auto Works took various steps, such as reducing the usage of and improving the recovery rate for cleaning solvents, as well as introducing a high-efficiency painting machine, thus achieving both the FY2008 and FY2010 goals ahead of schedule.

VOC: Volatile Organic Compounds (emissions per unit of painted area)



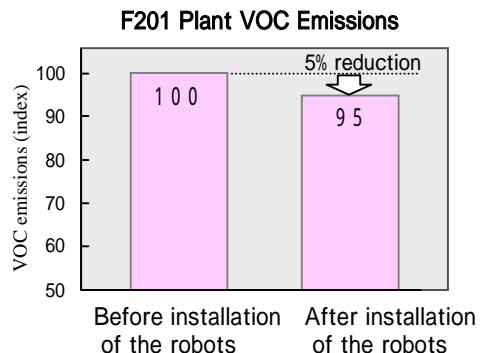
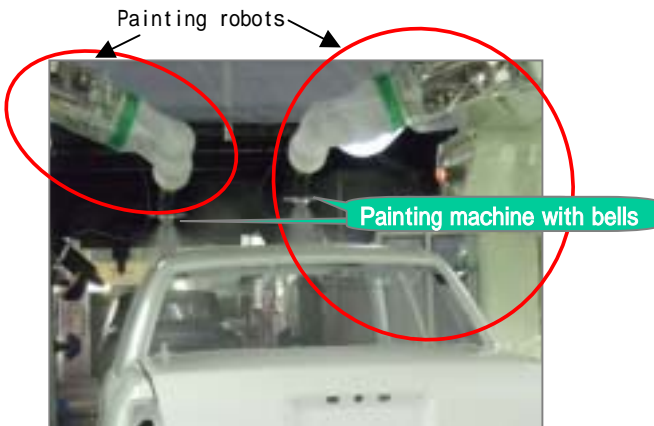
Reducing the Volume of Substances Subject to PRTR

The goal for the discharge volume of substances subject to PRTR (Pollutant Release and Transfer Register) is a 45% reduction by FY2010 compared to the FY1998 level. In addition to taking the above-mentioned measures for reducing VOC emissions during vehicle body painting, Kanto Auto Works has achieved both the FY2008 and FY2010 goals ahead of schedule by replacing cleaning solvents that contain substances subject to PRTR.



Reducing Substances of Concern

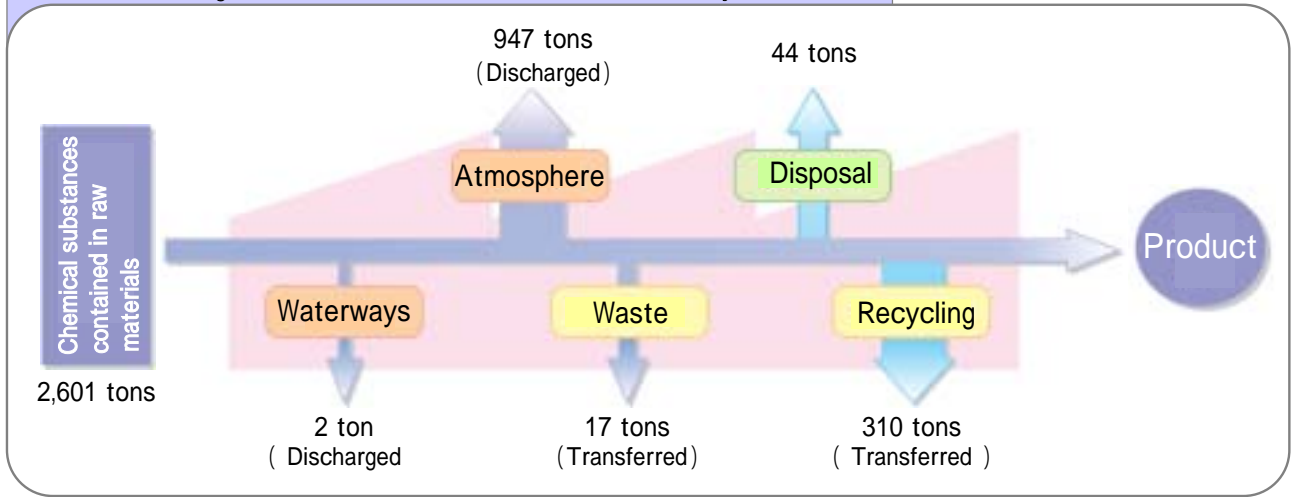
Higashifuji Plant F201 installed highly efficient painting robots to replace obsolete painting systems. Painting robots follow the contours of vehicle bodies better than the conventional reciprocal painting systems and improve the cleaning solvent recovery rates. The plant also installed rotary atomizers (with bells), reducing its VOC emissions by 5%.



Substances Subject to PRTR

In FY2008, the volumes of substances subject to PRTR released into the atmosphere and waterways (see previous page) and transferred as waste or for recycling are as indicated in the diagram below. Figures for individual plants and substances are provided in the tables below. Kanto Auto Works will continue making efforts to reduce the usage volumes of substances subject to PRTR.

FY2008 Discharge and Transfer Volumes of Substances Subject to PRTR



Higashifuji Plant

Substance	Amount handled	Released volume			Transferred volume		Volume removed ¹	Consumption volume ²
		Air	Waterways	Waste	Volume recycled	Waste		
Zinc compounds (soluble)	9	0	0	0	1	0	8	
Bisphenol A epoxy resin intermediate layer	15	0	0	0	0	3	12	
Ethylbenzene	140	134	0	0	0	0	6	
Ethylene glycol	231	0	0	0	0	0	231	
Xylene	262	127	0	0	99	0	35	
Organic tin compounds	19	0	0	0	1	0	18	
1,3,5-Trimethylbenzene	32	32	0	0	0	0	0	
Toluene	243	150	0	0	49	0	44	
Nickel compounds	1	0	0	0	0	0	1	
Hydrogen fluoride and its water-soluble salts	3	0	1	0	2	0	0	
Benzene	30	0	0	0	0	0	30	
Manganese compounds	4	0	0	0	1	0	3	

Iwate Plant

Substance	Amount handled	Released volume			Transferred volume		Volume removed ¹	Consumption volume ²
		Air	Waterways	Waste	Volume recycled	Waste		
Zinc compounds (soluble)	15	0	0	0	1	0	14	
Bisphenol A epoxy resin intermediate layer	34	0	0	0	0	10	24	
Ethylbenzene	79	54	0	0	7	7	11	
Ethylene glycol	386	0	0	0	0	0	386	
Xylene	193	66	0	0	49	16	62	
Organic tin compounds	18	0	0	0	1	0	17	
1,3,5-Trimethylbenzene	57	51	0	0	1	5	0	
Toluene	232	131	0	0	24	1	76	
Nickel compounds	2	0	0	0	1	0	1	
Hydrogen fluoride and its water-soluble salts	5	0	1	0	3	0	0	
Benzene	8	0	0	0	0	0	8	
Manganese compounds	6	0	0	0	1	0	4	

Higashifuji Integration Center

Substance	Amount handled	Released volume			Transferred volume		Volume removed ¹	Consumption volume ²
		Air	Waterways	Waste	Volume recycled	Waste		
Ethylbenzene	1	0	-	-	-	-	1	
Xylene	7	1	-	-	-	-	6	
Toluene	16	3	-	-	-	-	13	

*Unit: tons/year

1. Volume removed:

The volume that is neutralized, broken down, or changed to other substances in the particular plant

2. Consumption volume:

The volume that is contained in or accompanies products transported outside the particular plant

3. Figures for discharge volume, transfer volume, volume removed, and consumption volume, are rounded off, so the totals may not necessarily correspond to the quantities handled.



Environmental Preservation Activities at the Higashifuji Plant

Located at the foot of Mt. Fuji, where nature abounds, the Higashifuji Plant is promoting continual environmental management activities, in an effort to coexist with the global and the local environment.

Communication

Environmental Dialog Meeting

With the aim of sharing environmental information with the local community, the Higashifuji Plant organized an “environmental dialog meeting” during which representatives of companies based in Shizuoka Prefecture, where the plant is located, and members of the surrounding communities, were presented with information on environmental management activities, toured the plant, and exchanged opinions.



Improvement Initiatives

Pursuit of “Zero Loss” Production

Kanto Auto Works performs regular inspections of operations and promotes various improvements in order to achieve “zero loss” at its productions plants.



Inspections of energy loss (air leakage)

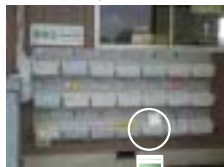
Contest for improving energy conservation

Reutilization of Waste Materials

Waste Materials Reduction through Reutilization

Employees are shown various waste materials that can be reused and called upon to reutilize such materials themselves

Eco-Plaza (reusable items display)



PR on reusable items



Part banding bands



Reutilization of packaging for archived documents



Greening Promotion

Rooftop Vegetation

Rooftop vegetation is promoted as a means of reducing environmental impact

- Insulates buildings, conserves energy, and ameliorates the heat island effect
- Absorbs air pollutants and carbon dioxide



Before rooftop vegetation added (concrete roof)



After rooftop vegetation added

Contribution to Local Communities

Clean-up Activities around the Plant

Everyday “Clean Campaign” and “Happy Heart Movement” activities are being carried out near plants on the roads and other nearby areas to clean up garbage.

*Happy Heart Movement: An initiative with the goal of making the plant a cheerful, joyful, and healthy place



Along a prefectural road

In front of JR Iwanami Station



Ecocap Movement

KAW is participating in the Ecocap Movement, a new initiative being implemented that seeks to make effective use of PET bottle caps that currently end up as waste material



PR poster calling for support through collection of caps

The Ecocap Movement is being promoted outside of Kanto Auto Works as well by other, local businesses; and it has contributed enough funds thus far to purchase polio vaccine for 219 people.

(A total of 176,396 caps have been collected)





Environmental Aspects

Environmental Preservation Activities at the Iwate Plant

Under the banner of “manufacturing vehicles that are both user-friendly and environmentally considerate,” the Iwate Plant engages in production activities while harmoniously coexisting with the lush, green environment of Iwate Prefecture.

Communication

Environmental Communication Reporting Session

Residents of the town of Kanegasaki and representatives of businesses within Iwate Prefecture were invited to a session that provided them with information on activities and offered an opportunity for discussion.



Iwate Environmental Kingdom Exhibition

Kanto Auto Works took part in the Environmental Kingdom Exhibition hosted by Iwate Prefecture and used the opportunity to introduce various company initiatives to local residents.



Utilization of Natural and Renewable Energy

Buses powered by Biodiesel Fuel (BDF)

Cooking oil discarded by employees and from the employee cafeteria is collected and used to make bus fuel.



Fuel production equipment Fuel used to power company-owned buses

Reusing the Cold Energy of Snowcapped Mountains

Water from melted snow is collected and reused for air conditioners in the summer.



Snow that falls in the winter is stored

Lawn Maintenance using Goats

CO₂ emissions are reduced by not using mechanical lawn mowers.



Employees assist animal breeding (See video clips)

Afforestation

Kanto Auto Works, together with primary school students, kindergartners and area residents, collect acorns and cultivate seedlings. These seedlings are then planted to help build up the nearby forest around the plant.



Employees and their families



Acorn collection at Sengan-ishi

Contributing to Local Communities

Donations of empty cans to welfare organizations and cleanup activities along roads in the area around the plant are conducted regularly.



Clean-up activities at nearby parks

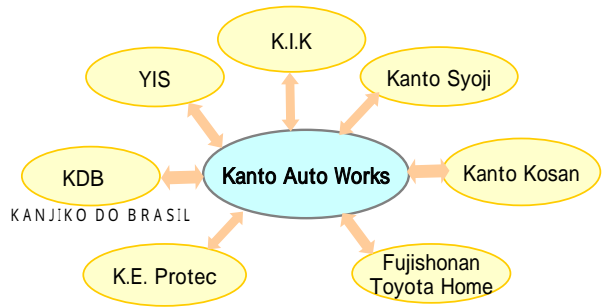


Clean-up activities around the plant

Consolidated Environmental Management

Environmental Initiatives at Consolidated Companies

Under the Fourth Environmental Action Plan, Kanto Auto Works and its consolidated subsidiaries have joined together to implement initiatives designed to reduce environmental impact.



Kanto Auto Works' seven consolidated companies

Initiatives to Achieve Zero Emissions (Recycling)

Environmental Initiatives at Fujishonan Toyota Home

Toyota Home is implementing environmental measures throughout all of its operations related to house building. Toyota Home builds houses in line with its motto: "A longer-lasting house benefits the environment."

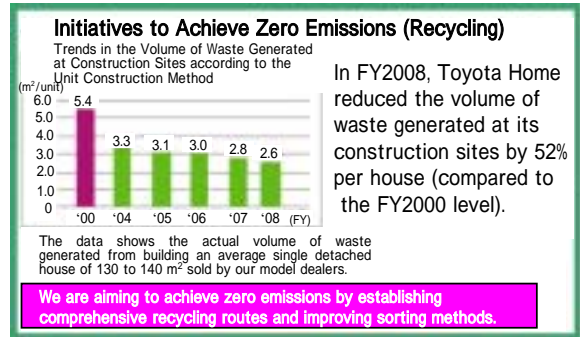
We also participated in the environmental fair sponsored by Fuji City; and contribute to local communities by, for example, having consultants on the environment and energy conservation available to advise residents on household energy-saving measures.



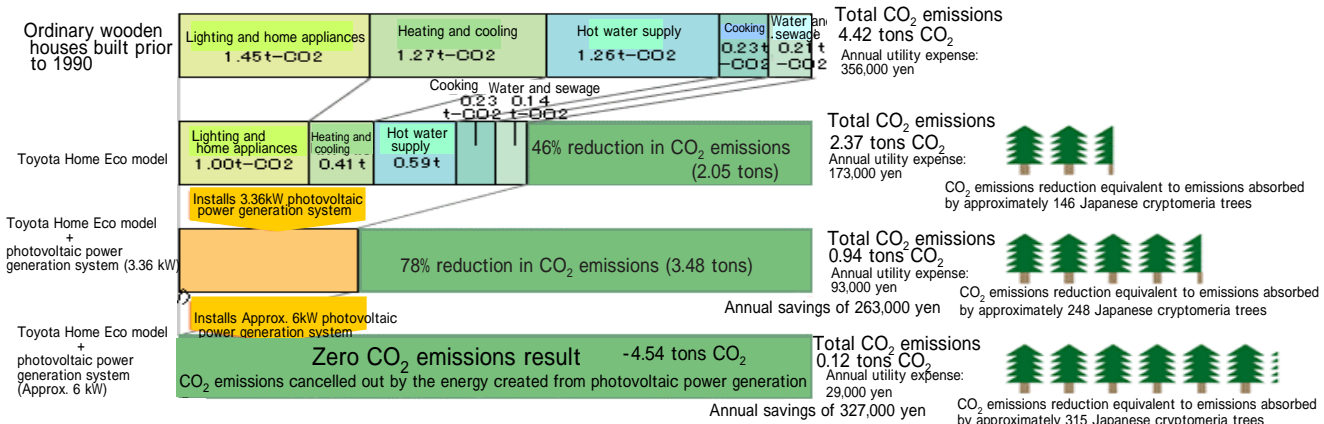
Fuji City environmental fair

Initiatives to Reduce Environmental Impact

At Toyota Home, the manufacturing and sales departments work together to make Toyota Home a more environmentally conscious company. By building products that last longer and using energy-conserving "green" materials, Toyota Home is reducing CO₂ emissions and trying to achieve zero emissions at its construction sites. We will reduce CO₂ emissions by increasing the number of houses constructed by Toyota Home.



Comparison of Annual CO₂ Emissions of Toyota Home Houses and Conventional Houses



Environmental Data

Legend

Maximum (Orange), Average (Blue), Control value (Yellow)

The graphs show actual measurements against a control value of 100

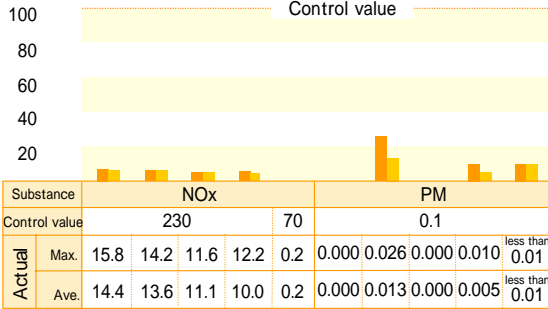
Higashifuji Plant

Site area: 265,589m²

Location: 1200, Mishuku, Susono-shi, Shizuoka Prefecture

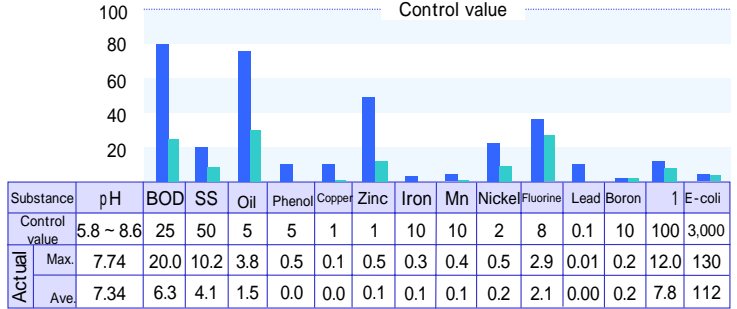
Air Pollution Data

Conforming to the Air Pollution Control Law and Pollution Control Agreement



Water Pollution Data

Conforming to the Water Pollution Control Law and Pollution Control Agreement



*1. Ammonia, ammonia compounds, nitrous acid compounds and nitric acid compounds

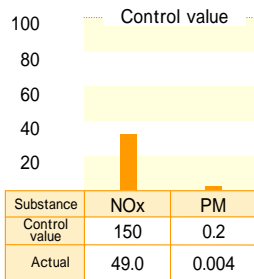
Head Office/Taura Works

Site area: 54,642m²

Location: Tauraminato-cho, Yokosuka-shi, Kanagawa Prefecture

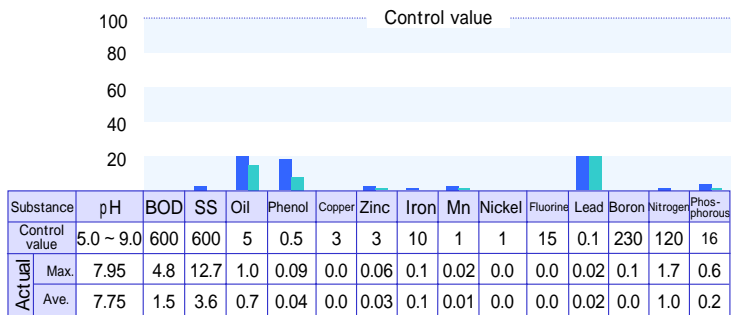
Air Pollution Data

Conforming to the Air Pollution Control Law and Prefectural Ordinances



Water Pollution Data

Conforming to the Sewerage Law



Air Pollution Data

The units for air pollution are: NOx - ppm; PM - g/m³N
 The actual measurement of NOx and PM refers to values for the control values of each particular target facility with boilers.
 Oil: N-hexane extracts content

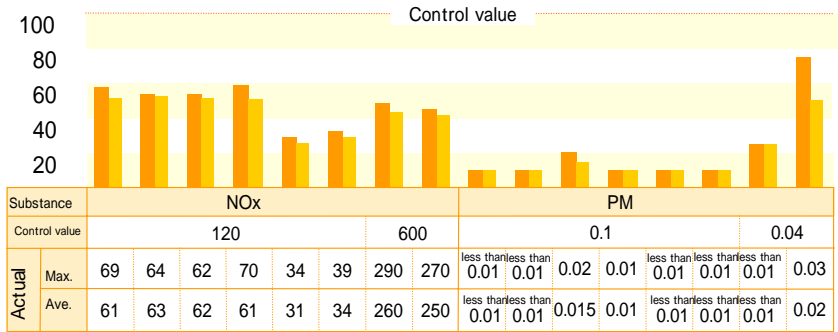
Water Pollution Data

The control values for all substances are shown in mg/l, except for the pH item
 N.D.: (Not detected) Below detectable levels
 pH: Hydrogen ion concentration
 BOD: Biochemical oxygen demand
 SS: Concentration of suspended solids in water
 *Head Office / Taura Works are not subject to control values for ammonia, ammonia compounds, nitrous acid compounds and nitric acid compounds.
 *The Higashifuji Plant and Iwate Plant are not subject to control values for nitrogen and phosphorous.

Iwate Plant Site area: 963,797m2 Location: 1, Nishinemoriyama, Kanegasaki-cho, Isawa-gun, Iwate Prefecture

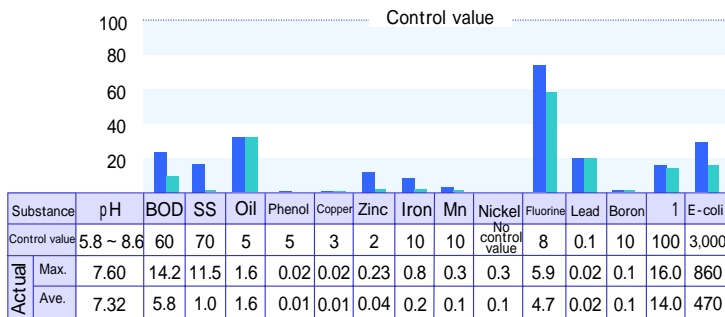
Air Pollution Data

Conforming to the Air Pollution Control Law and Environmental Preservation Agreement



Water Pollution Data

Conforming to the Water Pollution Control Law and Environmental Preservation Agreement



*1. Ammonia, ammonia compounds, nitrous acid compounds and nitric acid compounds

There are some other control parameters whose actual measurements are below the N.D. level, including those listed below:

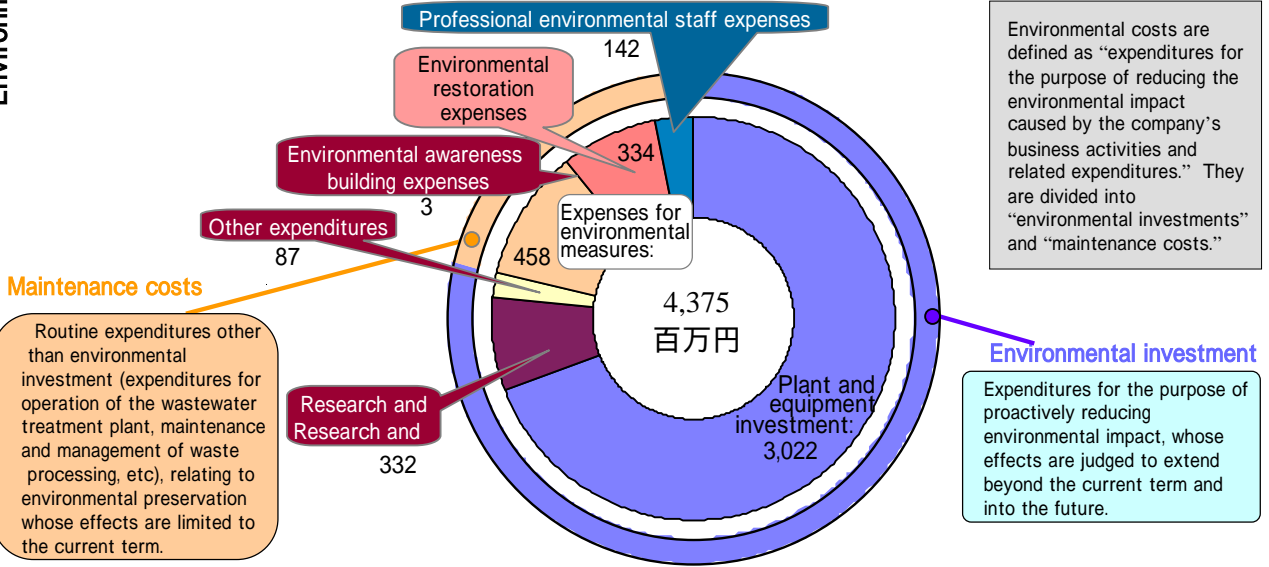
Cadmium, cyanide, organophosphorus compounds, chromium (VI) compound, arsenic, total mercury, alkylmercury, polychlorinated biphenyl, total chromium, trichloroethylene, tetrachloroethylene, dichloromethane, carbon tetrachloride, 1,2-dichloroethane, 1,1-dichloroethylene, cis-1,2-dichloroethylene, 1,1,1-trichloroethane, 1,1,2-trichloroethane, 1,3-dichloropropene, thiuram, simazine, thiobencarb, benzene and selenium.

Environmental Accounting

In FY2008, total environmental costs were 4.4 billion yen, accounting for 0.7% of net sales. Some of the major investments Kanto Auto Works made included the introduction of a coating robot that helps to lower the emissions of VOCs and the upgrading of wastewater treatment facilities.

Classification of Environmental Costs

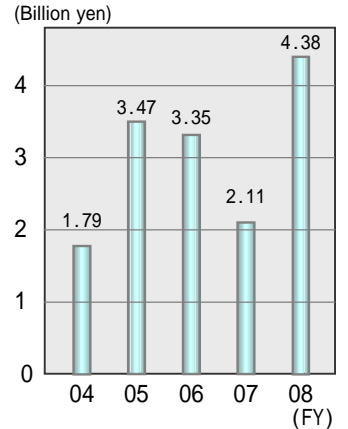
FY2008 Action Results Based on Kanto Auto Works' Classifications Approach to Environmental Costs



FY2008 Results Based on the Ministry of the Environment's Classifications

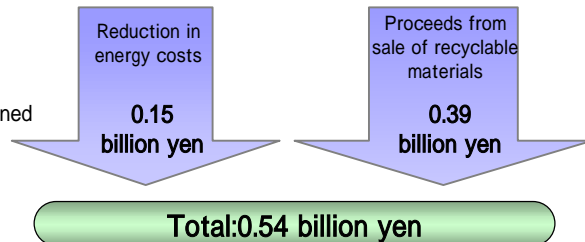
Classification		Investments	Expenses
Business area costs	Pollution prevention costs	814	240
	Global environmental preservation costs / Resource circulation costs	2,208	218
Upstream / downstream costs	Environmental preservation costs from non-production activities	0	9
Management costs	Environmental advertisements, environmental report publication costs, expenses for professional environmental staff, etc.	0	146
Research and development costs	R&D expenses for reducing substances of environmental concern	0	332
Social activity costs	Environmental preservation costs for enhancing social understanding of Kanto Auto Works' activities, and support activities	0	74
Environmental damage remediation costs	Environmental remediation costs	0	334
Total		3,022	1,353

Trends in Environmental Costs



Effects Associated with Environmental Costs

The effects associated with environmental costs have been described on pages 11 to 24 of this report as improvements in reduction of environmental impact as a result of environmental preservation activities. Economic effects resulting from environmental investments were determined by totaling the actual effects for those items that could be backed by solid data, as indicated in the diagram on the right. Economic effects based on hypothetical calculations have not been carried out for the areas of "contributions to product value," "environmental risk avoidance," and "improved corporate image."



Social Aspects



Wind power generation of Kanagawa Prefecture Miura City Miyakawa park

Kanto Auto Works believes that the foundation of its contribution to society is putting sound corporate activities into practice. Kanto Auto Works views society as including customers, employees, local communities, Japan as a whole, and every person in the world. This part of the report on social aspects introduces items considered important in terms of Kanto Auto Works' relation to society.

Relations with Customers

Kanto Auto Works engages in business activities according to the following clause of the Guiding Principles: Based on the “customer first” principle, Kanto Auto Works will conduct research, design and manufacturing, and provide outstanding products that respond to the needs of the times.

A Customer-oriented Stance

Based on the idea that “customers are the starting point for all of its activities,” Kanto Auto Works views not only those people who purchase its products, but all people that it comes in contact with, as customers, and is conducting activities in accordance with the “customer-oriented stance” announced in December of 2003.

Main Activities

1. Reforming activities to adopt a “customer-oriented stance”
2. Manufacturing appealing products that satisfy and inspire customers

Ensuring High Quality

Basic Policy

In December 2003, Kanto Auto Works declared a “customer-oriented stance” and based on the policy of always “moving forward” continues to provide customers with satisfaction and excitement through its products.

Kanto Auto Works’ strategy is to carry out specific activities based on the following two activities:

1. Every year, the leaders of each Group (Technical Group, Production Engineering Division Group, Production Group and the Head Office) meet to draft annual policies regarding quality functions, and promote and manage priority issues and progress in a systematic and timely manner to ensure that a high level of quality is maintained in the manufacture of automobiles.
2. Each Group undertakes quality assurance on their own in accordance with the automobile manufacturing flow: “development, production preparation, production.” .

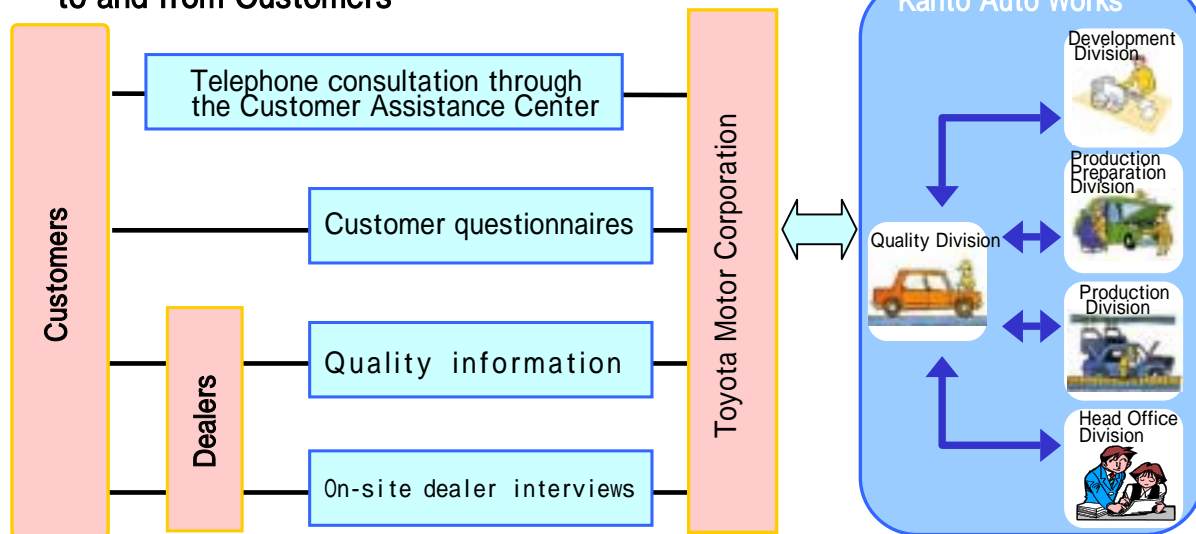
The following four areas are promoted as priority topics:

1. Collection of quality related information from customers (customer needs and expectations, quality levels, information on defects, etc.) in close collaboration with Toyota Motor Corporation
2. Preventive action designed to ensure quality related issues do not arise (compliance with laws and regulations, new structures, new parts, etc.)
3. If issues do arise, enable early detection and early resolution in order to prevent reoccurrence (use of IT to quickly collect information, swift elucidation of the causes, and initiation of counter-measures)
4. Audits to confirm that each Group is conducting appropriate quality assurance and improvement activities (audit meetings, investigation meetings, etc.)



KAW was awarded the TOYOTA excellent quality control award from TMC for the second consecutive year.

Providing and Collecting Important Quality Related Information to and from Customers



Product Recall System

If a product defect is discovered and the company determines that action must be taken, information is provided to customers in the manner indicated above and necessary measures are taken in cooperation with Toyota Motor Corporation.

Making Safe Automobiles

Striving towards the Complete Elimination of Traffic Deaths and Injuries

In terms of safety, which is an essential aspect of vehicle manufacture, Kanto Auto Works is aiming for the complete elimination of traffic deaths and injuries and is developing safer cars, focusing on the following two areas: 1) Preventive safety technologies that help prevent accidents and 2) Collision safety technologies that help reduce injury to people during an accident.

Initiatives for Improving Preventive Safety

- Projector-type Discharge Headlight*
- VSC (Vehicle Stability Control)
- ABS with EBC and Brake Assist

*This type of headlight produces a color of light that is closer to sunlight, at a volume approximately twice that of conventional halogen headlights. Combined with the auto-leveling function, which maintains the up-down angle of the optical axis at a constant level to avoid blinding the drivers of the car ahead and of the oncoming cars, these projector-type discharge headlamps help drivers to drive more safely at night.

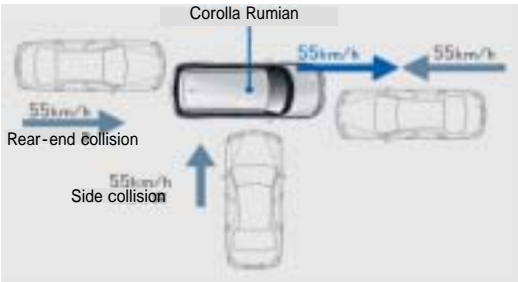


Headlights in the new Corolla Rumian

Initiatives for Improving Collision Safety

Omni-directional Compatibility

Based on the concept of omni-directional compatibility, which attempts to promote crash safety for both vehicles in a collision between two vehicles of different weights and heights, Kanto Auto Works is making advances in collision safety by further advancing the GOA collision safety body, consisting of an impact-absorbing body and a high-strength cabin designed to protect the occupants in the case of an accident. For example, the collision safety performance of the Corolla Rumian was evaluated by conducting frontal, side, and rear-end collisions with a heavier vehicle. The results led to the development of a vehicle body that maintains its own superior safety performance during a collision from any direction, and at the same time minimizes the damage to the other vehicle.



Omni-directional compatibility of the new Corolla Rumian

Airbags

SRS airbags for the driver and front-passenger seats, SRS knee airbags, SRS side airbags, and SRS Curtain Shield Airbags are standard in all models.



Airbags in the new Corolla Rumian

Pedestrian-injury Lessening Body

Kanto Auto Works has actively adopted impact-absorbing structures that reduce injuries to the head or legs of pedestrians in the event of an accident.



Body of new Corolla Rumian lessens pedestrian injuries

Corolla Rumian Awarded 6 Stars - The Highest Score for Collision Safety Performance in Japan

In the New Car Assessment Japan performed by the Ministry of Land Infrastructure and Transport, the Blade was awarded the highest score of 6 stars () for collision safety performance, for both the driver and front-passenger seats.

Overall collision safety performance score	
Driver seat	
Passenger seat	





Making User-friendly Products

Development of Vehicles and Equipment for Disabled People

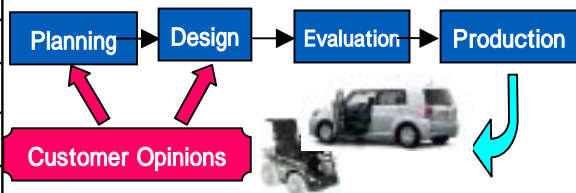
Under the philosophy of “Providing the freedom of mobility in comfort to a greater number of customers” and “making every possible contribution to customer happiness,” Kanto Auto Works is developing electric wheelchairs and vehicles designed specifically for disabled people.

Kanto Auto Works is committed to using information gathered from users at social service facilities and at exhibitions to develop the products that customers truly need.

Types of Vehicles for Disabled People

Use	Vehicle specifications
Vehicles that facilitate movement to the passenger seat	Rotating and Sliding Seat/ Lift-up and Rotating Seat
Vehicles that facilitate movement to the rear seat	Rotating and Sliding Seat/ Lift-up and Rotating Seat
Vehicles that facilitate boarding and exiting without getting out of a wheelchair	Models that can accommodate a wheelchair(Rear lift-up type/ Rear slope type)
Vehicles installed with devices that facilitate driving by disabled people	Models installed with devices that facilitate driving by disabled people

Customer Opinions Reflected in Product Development



Examples of Vehicles and Equipment for Disabled People Developed by Kanto Auto Works



Corolla Fielder equipped with a Rotating and Sliding Seat in the front passenger seat

Wheelchair storage device

Developed to accommodate not just vehicles manufactured by Kanto Auto Works, but all models in Japan for disabled people



4WD electric wheelchair

Patrafour.

The wheels adopt a special structure called “WESN®” developed by Kanto Auto Works



The Patrafour boasts excellent driving stability and performance, and can smoothly and safely go over steps and travel on a sloping road surface.

Listening to Customer Opinions

Explaining the various features of Patrafour at the Home Care & Rehabilitation Exhibition



Explaining the various features of vehicles for disabled people at the Barrier Free 2009 held at Intex Osaka

Permanent exhibits at the Heartful Plaza Yokohama



Wheelchair storage device



Patrafour and an explanatory video

Social Contribution

In order to protect the global environment and pass on the bounty of nature to the next generation, Kanto Auto Works' production plants from the beginning its other business sites cooperate with local governmental bodies and private organizations in a body are carried out a social contribution. Each employee plays a leading role in actively promoting harmony with society and the natural environment based on the company's fundamental principles.

Major Social Contribution Activities in FY2008

Year-round Activities:

- Plant tours for around 28,000 people, mainly elementary school students in particular.
- : Lending vehicles for the disabled (Yokosuka City).
- : Making donations to the Organization for Industrial, Spiritual and Cultural Advancement-International (OISCA), an international NGO that promotes agricultural development and afforestation, primarily in the Asia/Pacific region.

June 2008:

Employees of Kanto Auto Works, get together with the members of the local community, to cleaned up the area along a local rivers, part of maintaining and improving the environment by protecting and beautification of the local area.

July 2008:

Kanto Auto Works dispatched parade cars and drivers to the Kurihama Perry Festival.

July 2008:

The Higashifuji Integrated Center and the Higashifuji Plant jointly held the Higashifuji Summer Festival jointly.

The All Toyota Group Festival was held at the Iwate Plant sponsored by Toyukai, and promoted exchange with Local residents.

October 2008 and January 2009:

The bottle caps from plastic PET bottles used by our company are donated to Ecocap Movement, an NPO that has helped to provided vaccines to 364 children all over the world.



Plant tours for elementary school students



Cleaning up the area around the Goryu-no-taki waterfall



Kurihama Perry Festival



Higashifuji Summer Festival



Bottle caps donation

Social Aspects

November 2008:

Kanto Auto Works set up a booth at the Yokosuka Industry Festival and promoted exchange with local residents through activities that included an area for playing games. The proceeds from the event were donated to a facility that supports the social independence of disable people.



Yokosuka Industry Festival

March 2009:

Kanto Auto Works presented traffic safety materials to children who entered a primary school in Kanagawa, Shizuoka, and Iwate prefectures, hoping that traffic accidents will not happen.



Traffic safety materials presentation

Traffic Safety Activities

As an enterprise involved in automobile manufacturing, Kanto Auto Works has made it a corporate mission to actively participate in promoting traffic safety. In addition to making safe and environmentally considerate vehicles, Kanto Auto Works, in cooperation with local organizations and governmental bodies, also actively promotes a heightened awareness of traffic safety among employees and carries out activities to prevent traffic accidents.

Major Traffic Safety Activities Carried out in FY2008

Year-round Activities:

Leaflet has been handed out in the morning entitled *Traffic Safety News*. Every month we distribute the leaflet *Traffic Safety News* as a part of our effort to educate people on traffic safety.

Traffic Safety Day

Kanto Auto Works has designated Traffic Safety Days (on the 10th, 20th, 30th of the month). On those days we go out on the streets to help ensure the safety of local residents.

Traffic Safety Promotion Calendar

Each Kanto Auto Works' department strives to achieve zero accidents.

Each day a "No accident sticker" is placed on the calendar in an effort to promote traffic safety awareness.

May 2008: Donating traffic safety signs

As a part of our traffic safety initiatives we carried out with local communities, we placed traffic safety signs at intersections, in response to Susono City's effort to prevent from traffic accidents.



Morning leaflet *Traffic Safety News* (Higashifuji Integrated Center)



Traffic Safety Day (Iwate)



Donation of traffic safety signs

May, August, September, and December 2008:

Holding traffic safety lectures

In-house traffic safety lectures are held within KAW with the cooperation of local police.



A traffic safety lecture held within KAW (Higashifuji Integrated Center)



Relations with Employees

Relations with Employees

We are implementing measures so that the entire company has a corporate culture centered on safety, based on the view that “securing safety is the basis for everything.”

Fundamental Principle and Structures

Fundamental Principle of Safety and Health Management

We are striving to implement a corporate philosophy of adopting policies and principles related to safety and health over the medium- to long-term.

Fundamental Principles

Kanto Auto Works places the highest priority on the health and safety not only of Kanto Auto Works places the highest priority on the health and safety not only of To carry this out, the Company vows the following:

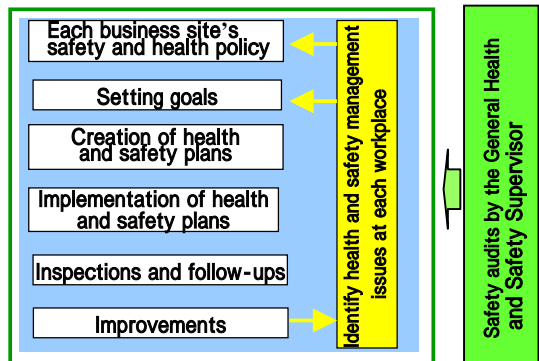
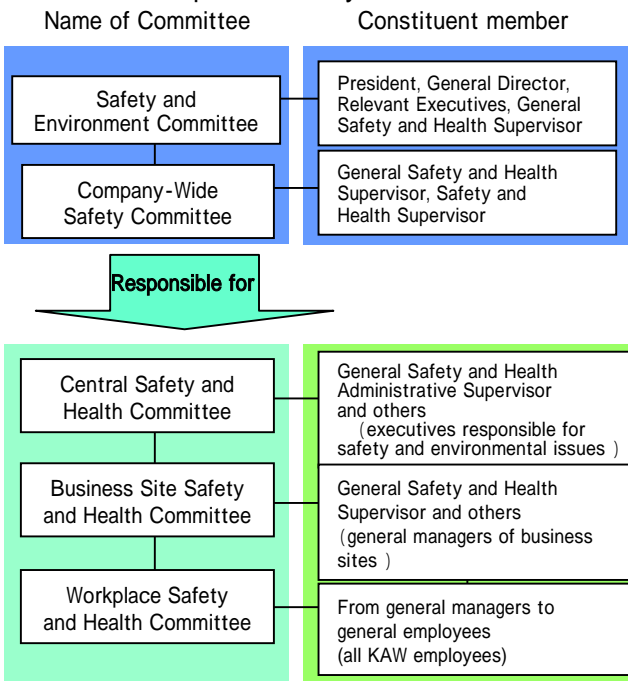
1. We will implement continuous improvements in a timely manner through the integration of safety, quality, and production based on the Toyota Production System as the standard for work procedures
2. Each individual will determine those things that he or she should carry out and carry them out based on the concept of protecting oneself
3. Managers and supervisors will understand and fulfill their own health and safety responsibilities
4. We will implement ongoing measures to improve health and safety management based on the concepts of full participation, pioneering safety policies, and total legal compliance

Safety and Health Management Structure

The Safety and Environment Committee and the Company-Wide Safety Committee formulate company-wide safety policies. The policies are discussed by labor and management at the Central Safety and Health Committee and the Business Site Safety and Health Committee, and the results are implemented by the various

Health and Safety Management System

Kanto Auto Works constructed a Health and Safety Management System and makes continuous improvements in safety management.



A safety audit in progress

Initiatives Taken in FY2008 to Improve Safety and Work Environments

1. Raising Awareness of Safety

- Safety Pledge Day (every January 13) and Safety Dialog Day (the 13th of each month) were created to confirm safety issues and to raise company-wide awareness about safety.
- Having each person be aware of his or her responsibility regarding safety
- Reemphasizing every day the importance of safety (use of a calendar with safety-related suggestions)
- Understanding was raised through disaster simulation training
- Workplace communication was enhanced through contests for team managers.

2. Ensuring Work Safety

- Dangers were identified through analysis of the six types of accidents that may cause death or disability (STOP6-type accidents)* and countermeasures implemented according to the degree of risk.

*Six types of accidents:

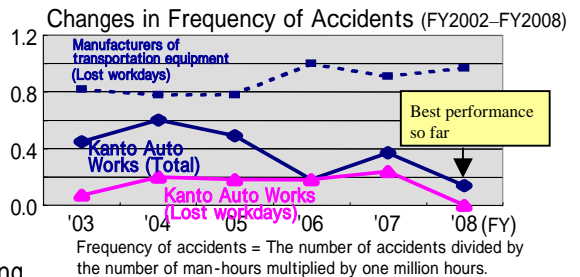
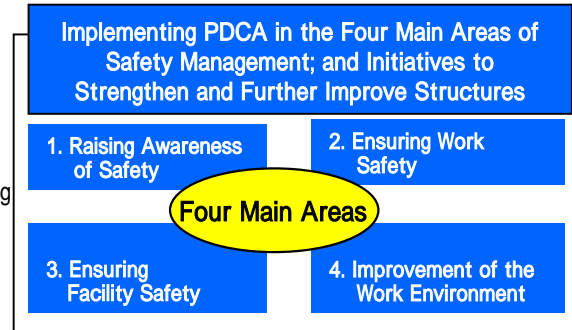
Being caught in a machine, collision with a heavy object, collision with a vehicle, falls, electric shocks, poisoning, and burns and explosions

3. Ensuring Facility Safety

Facility safety measures and standards were reviewed based on the results of the analysis of the six major accident types.

4. Improvement of the Work Environment

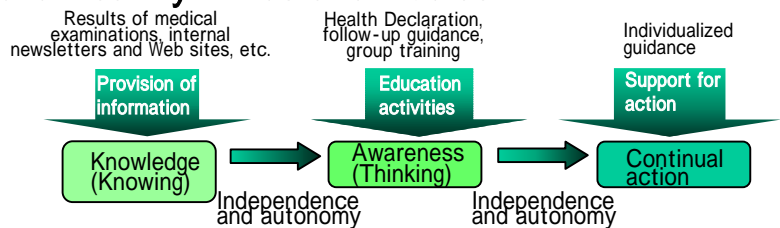
A model process plan for implementing plate stamping, noise countermeasures, and a medium-term work environment improvement plan to deal with excessive heat and other issues were adopted and improvements were made.



FY2008 Initiatives to Build Healthy Minds and Bodies

1. Framework of activities for health management

Establishing an awareness of self-health among employees through the Health Declaration and follow-up guidance.



2. Main Action Taken

Mental Health	
1	Enhanced activities for the prevention and prompt detection of employee mental health issues Stress levels of workers were determined to provide individualized guidance and workplace consultations. Education was conducted with a focus on specific examples of proper responses. Workplace communication was enhanced.
2	Improved mental health education for managers and supervisors Practical training to recognize health problems in subordinates and introduction of attentive listening classes.
3	Creation of a system that makes it easy for employees to consult others A mental health consultation office staffed with external counselors was enhanced and publicized through the Web site, and materials were distributed at morning meetings.

Physical Health	
1	Continual follow-up through physical examinations - Guidance that takes into account the needs of each individual. - Additional guidance concerning factors such as diet and weight that have a strong relationship to lifestyle-related diseases.
2	Measures implemented to prevent lifestyle-related diseases - Educational activities were conducted using internal newsletters and Web sites. - Holding sporting events
3	Enhancing no-smoking areas and anti-smoking measures - Consolidating smoking areas to expand no-smoking areas - Encouraging smoking cessation



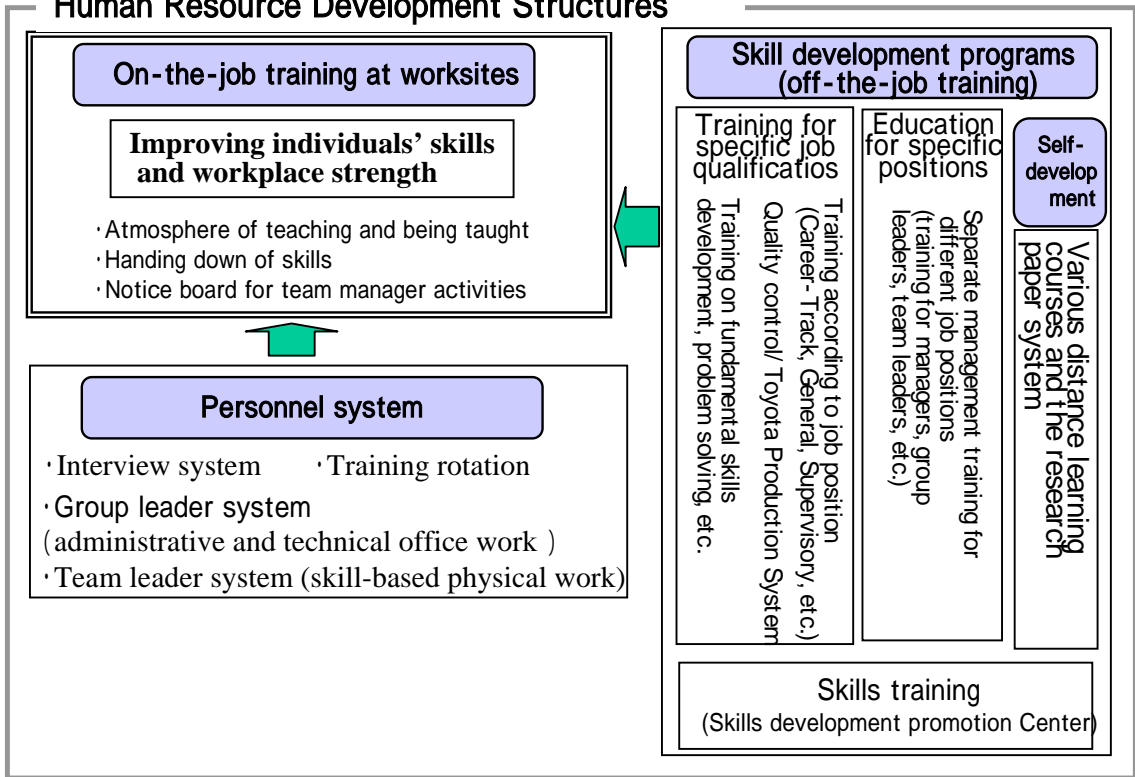
(Holding a walking event)

Development of Human Assets*

We always adopt a customer-oriented stance, and based on this seek to become the world's leading manufacturing company. We are fostering a diverse range of human assets so that we can respond to globalization and exercise our full capabilities in all areas of business activity.

*The term "human assets" is used to indicate that every individual becomes a "corporate asset."

Human Resource Development Structures



KAW is training employees hired by KDB in order to foster their upper management personnel.

(Instruction for accepting KDB trainees)



(Skills training)



(QC training)



Diversity and Equal Opportunities

In response to on-going changes in the labor market, such as the increased role of women in society, falling birth rate, and aging society, Kanto Auto Works seeks to create workplaces where a diverse range of employees can work with enthusiasm. To this end, Kanto Auto Works has instituted childcare and nursing care support programs and is working to employ more disabled persons and expand employment opportunities for senior citizens.

Childcare and Nursing Care Support

In response to calls for assistance from employees caring for children or sick family members, and in response to societal needs, Kanto Auto Works is working to improve its employment system through a support structure for such employees and by making it easier for them to work.

Support programs	Details	(Age)				
		0 ~ 1	~ 3	~ 6	~ 12 ((Elementary school students)	13 and over
Support during pregnancy and after childbirth	Authorized outpatient-care leave, staggered commuting hours, etc.	[Orange bar]				
Maternity leave	Six-week leave prior to childbirth and eight-week leave after childbirth	[Orange bar]				
Special leave for childbirth (husband)	Three consecutive paid holidays	[Orange bar]				
Childcare time	Until child is 3 years old Twice (with pay), for 30 min. each time	[Orange bar]				
Childcare-leave system	Until child graduates from elementary school: - Employees who do not work on production lines: 2 years in total - Employees who work on production lines: 3 years in total Leave can be divided into two segments	[Orange bar]		[Orange bar]	Period of eligibility [Yellow arrow from 0-1 to ~12] Leave can be divided into two segments (max. length of 3 years in total)	
Flex-time system	No application restrictions Only applicable to employees who do not work on production lines	[Orange bar]				
System for shortened working hours	Until child graduates from elementary school Only applicable to employees who do not work on production lines Possible to choose between a 4-, 6- or 7-hour working day (on monthly basis)	[Orange bar]				
System to prohibit non-scheduled work	Until child graduates from elementary school Applicable to all employees	[Orange bar]				
Restriction on non-scheduled and late-night work	Until child enters elementary school: - Up to 24 hours per month - Up to 150 hours per year - Exempt from working late at night	[Orange bar]				
Nursing care leave for children	Until child enters elementary school 5 days per year (measured in 1-day increments)	[Orange bar]				
Nursing care leave/ nursing care hours	Authorized leave of absence Up to twice a day, for 30 minutes each time, allowed for nursing care				Up to 1 year	[Orange bar] in total

Senior Citizen Employment Program (Re-employment upon reaching retirement age)

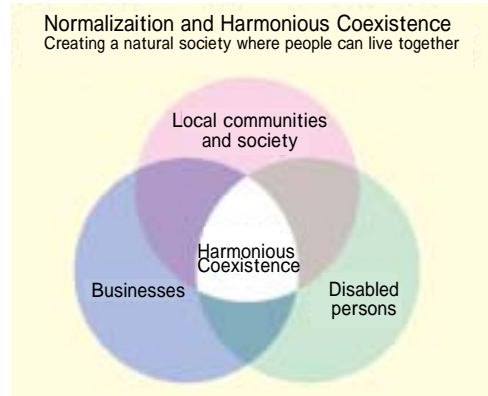
In order to take advantage of the skills and abilities developed over many years of employees who retire upon reaching age 60, Kanto Auto Works promotes the re-employment of such employees upon their request.

Encouraging Employment of Disabled Persons

Kanto Auto Works places great emphasis on its ties with local communities and society as a whole and takes active measures to promote employment with the intention of normalization and harmonious coexistence.

Internally, Kanto Auto Works strives to create work environments where disabled and non-disabled persons can work together. The company has taken measures to develop work environments where everyone can work with a sense of enthusiasm, including measures for hearing-impaired persons such as installing warning light systems, assigning support personnel, and holding in-company sign language courses.

In the future, the company will continue its efforts to create work sites that take into consideration the attributes of disabled persons and to further encourage the employment of such persons.



Labor-Management Relations

Kanto Auto Works' labor-management relations are promoted on the basis of mutual trust between labor and management. Kanto Auto Works believes that mutual understanding, trust and cooperation between the company and its employees are fundamental to both the company's development and employees' self-fulfillment.

Opportunities for Discussions between Labor and Management

The company must achieve stable growth for employees to be able to work with enthusiasm and to achieve fulfillment through their work. This requires that all employees have an accurate understanding of the circumstances the company is facing, the issues that must be solved, and future management policies.

Kanto Auto Works holds monthly labor-management meetings where ideas and opinions are actively exchanged. Through this process, both labor and management strive to deepen mutual understanding and trust.

Maintenance and Improvement of Labor Conditions

The automobile industry is experiencing rapid changes in the management environment, including sluggish demand in Japan, intense competition in global markets, and diversifying customer needs. Against this background, the company is implementing various measures and initiatives to maintain and improve working conditions, based on good communication and cooperation between labor and management, with the understanding that a prosperous company equals prosperous employees.



Scene from a labor-management meeting

Cooperation with Suppliers

Kanto Auto Works aims to create environmentally considerate, user-friendly vehicles. We are in constant communication with our suppliers to promote environmental conservation activities.

Fundamental Procurement Policy

Together with our suppliers, we work hard to implement procurement activities that lead to the steady procurement of high-quality goods in a timely manner, and at a fair price.

We offer the opportunity to participate in fair and open bidding, based on an “open-door” policy.

Mutually-beneficial coexistence based on trust

Encouragement of green purchasing that takes the environment into consideration

Encouragement of local procurement to act as a good corporate citizen

Complete legal compliance and protection of confidential information

Communication with Suppliers

Every year in March, we hold a supplier conference to communicate our annual procurement policies, foster understanding among suppliers concerning the company's initiatives, and strengthen partnerships.



Environmentally Considerate Procurement Activities

Kanto Auto Works has for some time conducted procurement activities in accordance with its Green Purchasing Guidelines to promote environmental preservation in collaboration with suppliers.

The guidelines require the following of suppliers:

- Acquisition of external ISO 14001 certification
- Management of substances of concern, including products and materials delivered to the company
- Environmental activities relating to supplier business activities
- Measurement of CO₂ generated by supplier logistics and reduction of wrapping and packaging materials

With respect to substances of concern, Kanto Auto Works audits supplier plants (production processes) and is working to reinforce management.



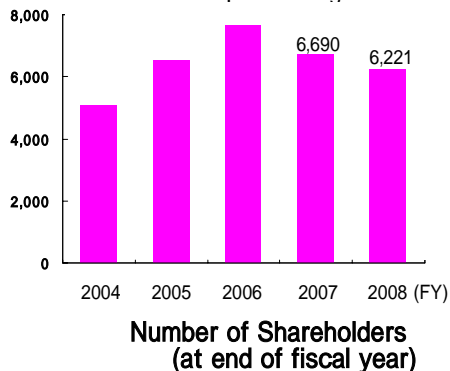
Relations with Shareholders

Kanto Auto Works has established business structures designed to secure stable income over the long-term and seeks to enhance corporate value through manufacturing, while building relationships of trust through the disclosure of information to, and communication with, shareholders.

Improving Information Disclosure and Communication

Kanto Auto Works is taking measures to enhance the content of business reports and other information and to appropriately disclose corporate and financial information in a timely manner so that shareholders will have an accurate understanding of its activities. Kanto Auto Works will improve information disclosure in the future through such measures as promptly posting detailed information on the corporate Web site to gain further confidence from shareholders.

Kanto Auto Works also uses videos and charts to provide easy-to-understand explanations at general shareholders meetings. In addition, when general shareholder meetings are convened, Kanto Auto Works presents exhibits on products and technologies and holds receptions for the shareholders to promote good communication with them.

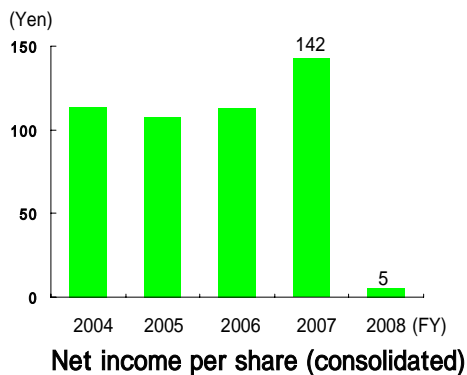
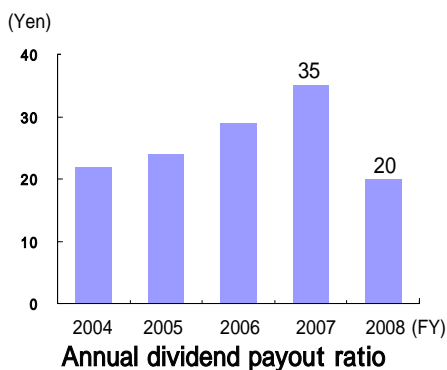


Shareholders	Shares Held	Voting Rights
Toyota Motor Corporation	34,975 千株	50.44 %
Japan Trustee Services Bank, Ltd. (account in trust)	2,619	3.77
Japan Trustee Services Bank, Ltd. (account in trust 4G)	1,894	2.73
The Master Trust Bank of Japan, Ltd. (account in trust)	1,475	2.12
Nisshin Fire & Marine Insurance Co., Ltd	1,156	1.66
Kanto Auto Works Employee Stock Ownership Association	1,149	1.65
Toyota Tsusho Corporation	1,000	1.44
Trust & Custody Services Bank, Ltd. (account in trust)	888	1.28
Meiji Yasuda Life Insurance Company	859	1.23
Mellon Bank, N. A. as Agent for its Client Mellon Omnibus US Pension	834	1.20

Status of Principal Shareholders (as of the end of March, 2009)

Dividend Distribution

Kanto Auto Works is committed to the continual payment of stable dividends determined according to a comprehensive range of factors that include financial performance and the dividend payout ratio. In addition, retained earnings are used for the future benefit by further strengthening and augmenting the business structure through investments to innovate production systems, enhance product strength, and create added value in new areas.

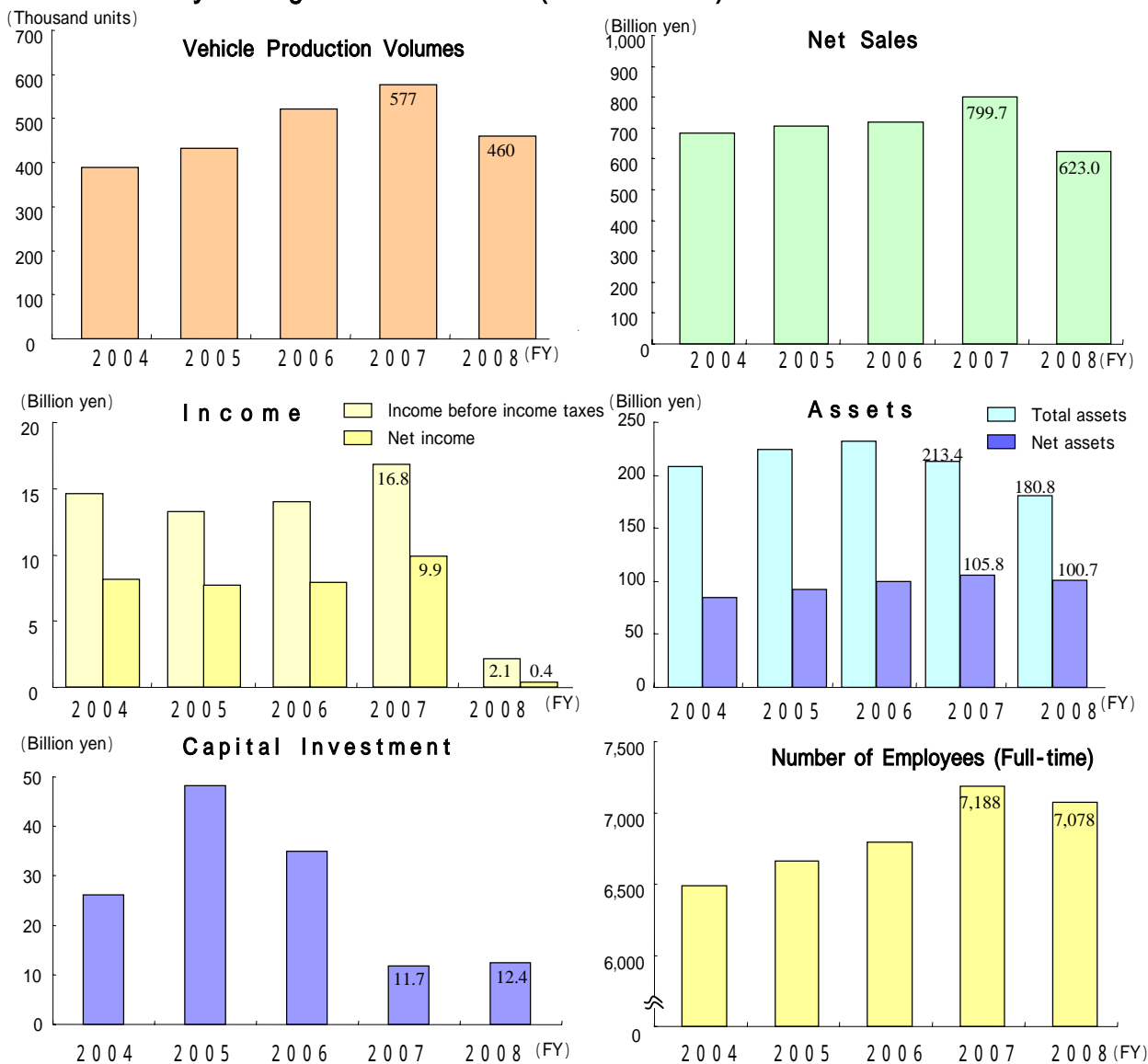


Economic Performance Indicators

Economic Performance

Due to a reduction in the number of vehicles produced following a downturn in the business environment, in FY2008 net sales fell 176.7 billion yen and income before income taxes dropped 14.7 billion yen. Given this business environment, we are quickly and painstakingly restructuring the quality of our operations, through the collective effort of the entire Group, to become a more stable and strong company. We are also doing our utmost to proactively develop appealing products and strengthen the sustainable foundation of our operations.

Trend in Key Management Indicators (consolidated)





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