



Environmental, Quality and Social Report 2005
THINKING OF FUTURE GENERATIONS

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TOYO TIRE & RUBBER CO.,LTD.

Contributing to society with a clean environment and excellent quality. We believe that comprehensively meeting these two goals is the company's responsibility.

We want to be an environmentally friendly company. We want to keep providing high-quality products. Further, we want to keep contributing to stakeholders while deepening communication with them.

Now, in the auspicious year of 2005, when we are celebrating the company's 60th anniversary, the TOYO Tire Group has marked another fresh step toward executing our social responsibilities as a company and achieving higher ideals.

There is no end to our challenges.



The Toyo Group will strive to achieve a fusion of environmental protection and quality assurance to manufacture and provide products and services that contribute to society.

Scope of Report

Period: The report is based mainly on results and activities in FY2004 (April 1, 2004 to March 31, 2005).

Organizations Covered

Domestic : Toyo Tire & Rubber Co., Ltd.; Head Office; Toyo Tire & Rubber Co., Ltd.; Tokyo Head Office; Toyo Tire & Rubber Co., Ltd.; Kuwana Plant; Toyo Tire & Rubber Co., Ltd.; Sendai Plant; Toyo Tire & Rubber Co., Ltd.; Hyogo Manufacturing Complex; Fukushima Rubber Co., Ltd.; Toyo Soflan Co., Ltd.; Chubu Soflan Co., Ltd.; T.G.K. Co., Ltd.; Ayabe Toyo Rubber Co., Ltd.; Toyo Seiki Co., Ltd.; Orient Koki Co., Ltd.; Soflan U-Board Co., Ltd.; Toyo Technical Center; Technical Research Center; Automotive Parts Technical Center

Overseas : Toyo Tyre & Rubber Australia Ltd.; Toyo Automotive Parts (USA) Inc.; New Pacific Industry Co., Ltd.

* Items relating to quality assurance activities refer to all sites in Japan and overseas.

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TOYO is transforming itself to a factory creating the future.

We believe that a clean environment and excellent quality are like a pair of wheels driving our business activities.

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GREETINGS



Yoshio Kataoka
President
Toyo Tire & Rubber Co., Ltd.

We will give priority to environmental preservation, quality assurance and social contributions in managing our business activities, by concentrating on the abilities of the Toyo Group companies.

We at the Toyo Group established a special department of environment ahead of other companies in the industry and instituted our basic philosophy, the "TOYO Global Environmental Charter." Ten years have passed since the institution of the Charter, and significant changes in the status of the environment have occurred during this period. To accurately deal with the changes, we positively adopted corporate activities that are demanded by society in the management of our business activities and such activities were officially announced in the form of reports.

Last year, we totally renewed the "Environment Report", changing the title to the "Environment and Quality Report" and fusing together our environmental and quality activities. This year, taking the opportunity of our 60th anniversary celebration in August, we issued the "Environment, Quality and Social Report" in which our activities are further deepened by disclosing the new activities of the Toyo Group including overseas operating sites.

We are conducting ourselves in conformity with comprehensive frameworks for the environment, quality and social responsibility. However, to gain true trust from stakeholders, we believe actions that include efforts of all

employees of the Toyo Group are mandatory. So, I myself, as president of the company, visit domestic and overseas work sites for production, sales, technology and administration, so far as time permits, listen directly to opinions of employees and present my own thoughts to them through interactive communication. I believe such steady efforts to enforce field abilities throughout the Group along with the established frameworks and the "Toyo Group Environmental Protection Fund", in which over 80% of all Group employees participated, were the reasons we were placed in the best 10 in the Nikkei Quality Management Survey for two consecutive years. Further, I believe that such steady efforts will earn the company the trust of society.

I hope the Report will help promote communication with readers and make our efforts in voluntary improvement of environmental protection, quality control and social responsibility further effective. I would like to hear frank opinions from as many readers as possible.



Ryuichi Nomura
Director Responsible for
Quality Assurance and
the Environment Chief Officer,
Environmental Protection and
the Safety Committee
Senior Managing Director
Corporate Officer



Hiroshi Takino
Vice President, Quality Assurance
and Environmental Promotion
Division Chairperson,
Environmental Preservation
Subcommittee Corporate Officer

The Toyo Group remains committed to appropriately responding to changes in society and in the times, thus promoting comprehensive and steady activities in environmental protection, quality control and social responsibility.

The Toyo Group started comprehensive activities, while dealing with rapid changes in society and the times, in which additional social activities are fused with environmental and quality control activities. This report was thus created with totally different contents under the title "Environment, Quality and Social Report 2005" following the report "Environment and Quality Report 2004" of the previous year.

Regarding the environment, in July 2004 the corporation achieved zero emission of industrial waste; we are continuously promoting taking this to a still higher level. Further, we completed changeover to CFC substitutes. CFCs are foaming agents of rigid polyurethane products. We are substituting next-generation foaming agents or completely non-CFC alternatives, thus helping to protect the ozone layer. These materials also have energy-saving characteristic when used as heat-insulation materials. On the other hand, carbon dioxide emissions rose by 5.4% over the 2003 level despite a changeover to energy-saving equipment and promotion of energy-saving activities. The increase was attributed to increased production volume of tires. However, since 2005, we have been promoting a plant in which the 2010 goal has been modified to a reduction of 12%, from the initial goal of 10%, from the 1990 level by conversion to natural gas fuel and introduction of co-generation systems.

Regarding quality, the Company was ranked third in the general category in the "Second Nikkei Quality Management Survey" which was conducted on 528 manufacturers

in Japan. We are determined to continuously render further efforts, while we are encouraged that our efforts to establish frameworks for improved quality as well as practical activities at manufacturing sites were well recognized. Our new activities include establishing a system that, for raw materials and sub-materials used for manufacture of products, chemical substances whose safety is uncertain are voluntarily defined to indirectly guarantee product quality.

Regarding social responsibility, we changed the title "Toyo Environmental Protection Fund" to "Toyo Group Environmental Protection Fund" and started to offer aid also to overseas environmental protection NPOs. In addition, we are trying to deepen communication with customers, community members and employees in areas with operating sites of the Group.

We believe such activities regarding environmental protection, quality control and social responsibility can only bear fruit when awareness and actions of all employees of the Toyo Group are ensured. For this purpose, we changed our 5S activities that we have been implementing during past three years to the "Toyo New 5S Activities" also to develop human resources in the Group and enhance field abilities, and we are thus doing our best to strengthen the infrastructure of the Group. We hope that many people will read this report so that we can deepen communication with them.

Business Activities

We want more people to love our company. This is the determination of the Toyo Group as we celebrate the 60th year of the Company.

In 2005, the Toyo Group marks the 60th anniversary of its foundation. We will take over the initial philosophy set forth when the Company was founded and remain a company that serves the needs of people and society.

The words of the founder are still alive as the guiding principle of our employees' activities.

In September 1950, founding president Rikimatsu Nagatomi set forth the corporate motto of Toyo Rubber & Tire Co., Ltd. "We commit to creating value and contributing to society by working to serve customers with better, more affordable products," as the management philosophy. The spirit of the corporate motto has become an everlasting truth and is steadily carried on into today's operations.



We will strive to further promote globalization, while dealing with needs throughout the world.

The Toyo Group is determined to enhance its value to humanity and society by continually creating unique, world-class technologies in its core competitive areas of tires, vibration control and thermal insulation.

The Group has already developed businesses in over 100 countries and regions in the world. Particularly, during recent years, we have been striving to promote further globalization by establishing overseas production sites. In addition, economic development in countries called BRICs* is expected to expand business opportunities for the Toyo Group. Each country or region has its own culture and values, but we will further continue our specialized business style to lead the markets by carefully listening to opinions of customers and providing products and services in which diversifying customer needs are assumed in advance.

Although the products we offer have also earned a high reputation for world-class quality, the Toyo Group aims to be recognized as a business group where not only the products, but also the entire group is reputed to be "high quality."

While promoting globalization, we will continue to be a "company which is demanded by people and society" as a business group that is environment-friendly and transparent, while establishing adequate communication with all stakeholders around the Toyo Group including related business partners and community people as we further promote globalization.

* BRICs: A coined word made of capital letters of four countries of Brazil, Russia, India and China

We have plans looking ahead of the times.

The Toyo Group formulates the 21st Century Management Vision while looking the first five to ten years of the 2000s.



The 21st Century Management Vision In-house Brochure "Mobility & Amenity"



We are publicizing our concepts and activities through various events.

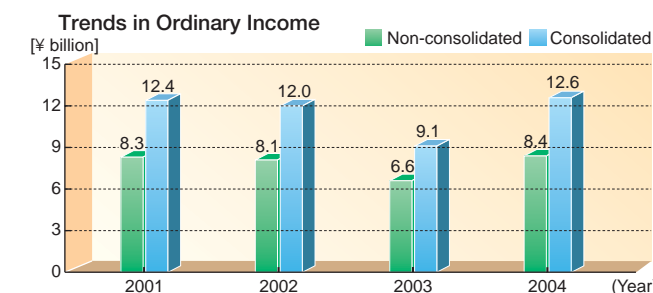
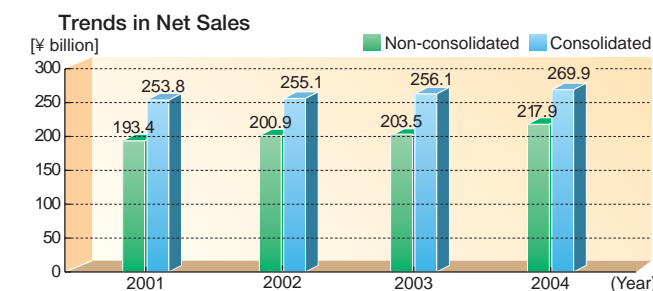
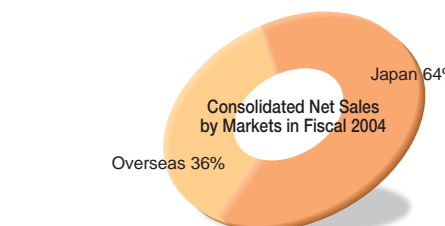
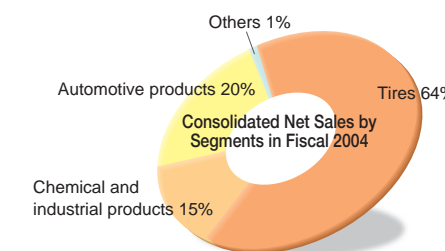


The Toyo Group marked its 60th anniversary on August 1, 2005. On this occasion of celebrating the 60th anniversary, we will promote to stockholders, employees and community residents our intention that the Group will continue to be a company that is demanded by people and society, through various events in Japan and overseas for one year starting in January 2005. For

this purpose, we created a symbol mark on the theme of an image representing the Group. Our product development will further develop, and not only Toyo & Rubber Co., Ltd., but also all Group companies will jointly stage 60th Anniversary events.

Company Profile (as of March 31, 2005)

Company name	Toyo Tire & Rubber Co., Ltd.
Head office	17-18 Edobori 1-chome, Nishi-ku, Osaka 550-8661, Japan
Date of establishment	August 1, 1945
President	Yoshio Kataoka
Capital	¥23,974 million
Net sales	Non-consolidated basis ¥217,900 million Consolidated basis ¥269,900 million
No. of employees	Non-consolidated basis 3,156 Consolidated basis 6,377
Principal products	<ul style="list-style-type: none"> •Tires Car tires, truck and bus tires/Chemical and industrial products Rubber industrial parts/Urethane industrial materials and parts •Automotive parts Parts for motor vehicles
Offices	<ul style="list-style-type: none"> •Head Office (Osaka City), •Tokyo Head Office, •Nagoya Office, •Hiroshima Office
Plants	<ul style="list-style-type: none"> •Sendai Plant, •Kuwana Plant, •Hyogo Manufacturing Complex, •Fukushima Plant
Major consolidated subsidiaries	<ul style="list-style-type: none"> •Toyo Soflan Co., Ltd., •Chubu Soflan Co., Ltd., •Fukushima Rubber Co., Ltd., •T.G.K. Co., Ltd., •Ayabe Toyo Rubber Co., Ltd., •Toyo Seiki Co., Ltd., •Orient Koki Co., Ltd., •Soflan U-board Co., Ltd., •I-City Co., Ltd., •Toyo Tire (U.S.A.) Corporation
R&D facilities	<ul style="list-style-type: none"> • Technical Research Center • Toyo Technical Center • Soflan Technical Center • Automotive Parts Technical Center • High-Polymer Processing Technology Center • Tire Test Course (Miyazaki) • Winter Tire Test Course (Saroma, Hokkaido)
Overseas plants	<ul style="list-style-type: none"> •Toyo Tyre & Rubber Australia Ltd. (Enfield, New South Wales, Australia) •Toyo Rubber (Malaysia) Sdn.BHD (Johore, Malaysia) •Toyo Automotive Parts (USA) Inc. (Franklin, Kentucky, U.S.A.) •New Pacific Industry Co., Ltd. (Chuang-Hua, Taiwan) •Chen Shin-Toyo Tire & Rubber (China) Co., Ltd. (Jiangsu Province, China)



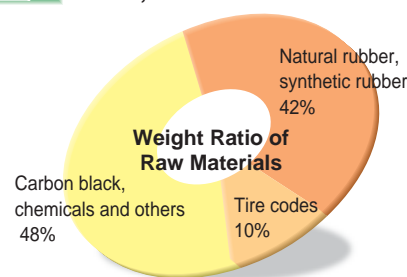
2005 Performance Index

We are constantly attempting environment-friendly business activities including effective utilization of resources and recycling.

The Toyo Group seeks to accurately understand the amount of load on the environment by the business activities of the companies and to assure product quality by controlling such load.

Raw Materials

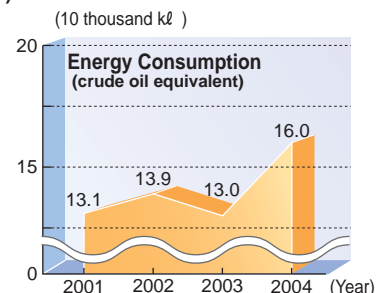
● 378,000 tons in total in FY2004



Energy

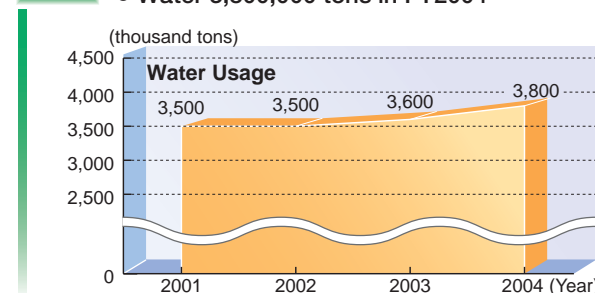
● 160,000kℓ (crude oil equivalent) in FY2004

- Electricity (Purchased power + private power): 384,438,000kWh
- Heavy oil (crude oil equivalent): 61,926kℓ
- City gas (crude oil equivalent): 1,902kℓ
- LPG (crude oil equivalent): 1,700kℓ
- Coal (crude oil equivalent): 21,071kℓ
- Used tires (crude oil equivalent): 8,079kℓ



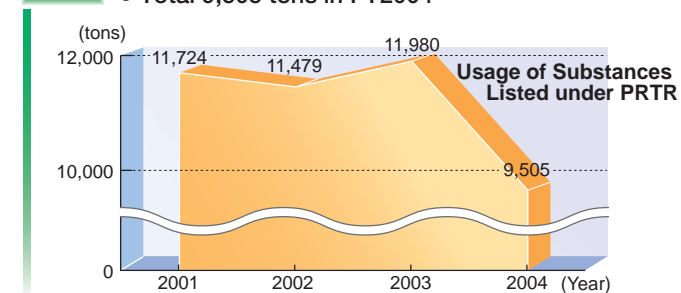
Water Resource

● Water 3,800,000 tons in FY2004

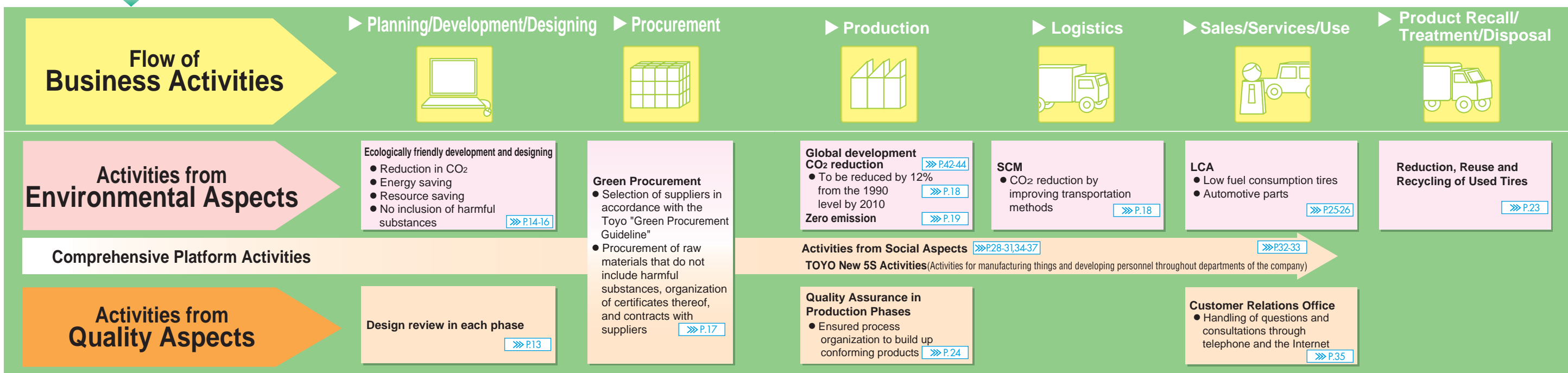


Substances Listed under PRTR

● Total 9,505 tons in FY2004



INPUT Inputs of Energy and Resources



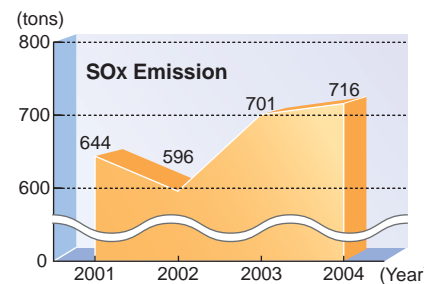
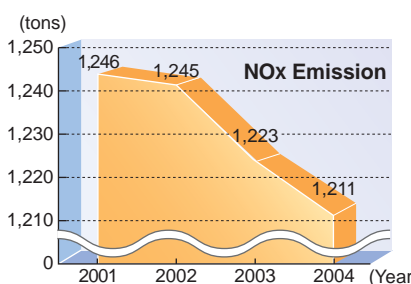
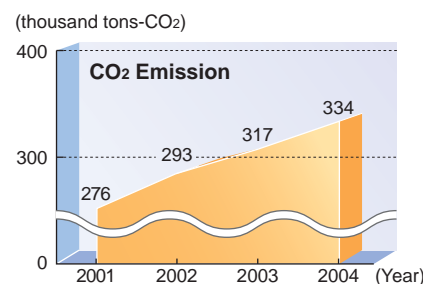
OUTPUT Emissions/Disposals during Business Activities

Emission to Atmospheric Air

● CO₂: 334,000 tons-CO₂ in FY2004

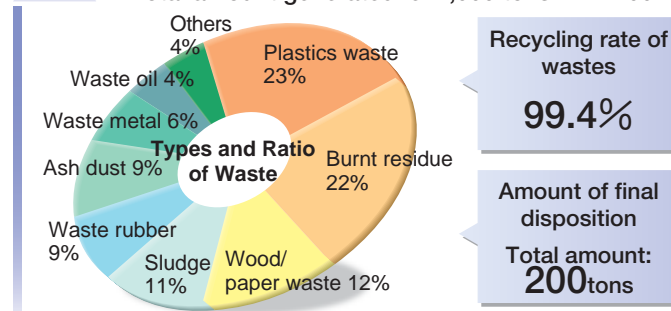
● NO_x: 1,211 tons in FY2004

● SO_x: 716 tons in FY2004



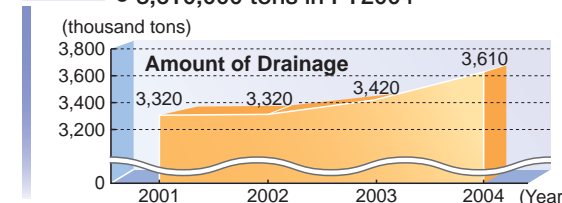
Wastes

● Total amount generated: 324,000 tons in FY2004



Drainage

● 3,610,000 tons in FY2004



Substances Listed under PRTR

- Atmosphere: 649 tons
- Amount transferred: 162 tons

Accurate planning and steady execution

Our projects have already been started, looking ahead to the next generation.

The most important things are the forever-beautiful Earth and the unchanging smiles of children. To protect these treasures, we stipulated specific items to be practiced by the Toyo Group as our action plans. We provide products and services that are good for the environment, quality and customers and we have also further improved our technologies. We are making big changes, looking ahead of to the next generation.

Business Structure

All Group companies are developing businesses in an integrated manner.

The Toyo Group is operating with a business structure that includes 59 subsidiaries and 20 affiliate companies. The main-line business of the Group includes manufacture and sales of tires, chemicals and automotive parts. Further, we develop business activities including supply and maintenance of equipment and molds, fund raising and management, and other services, all related to respective businesses.

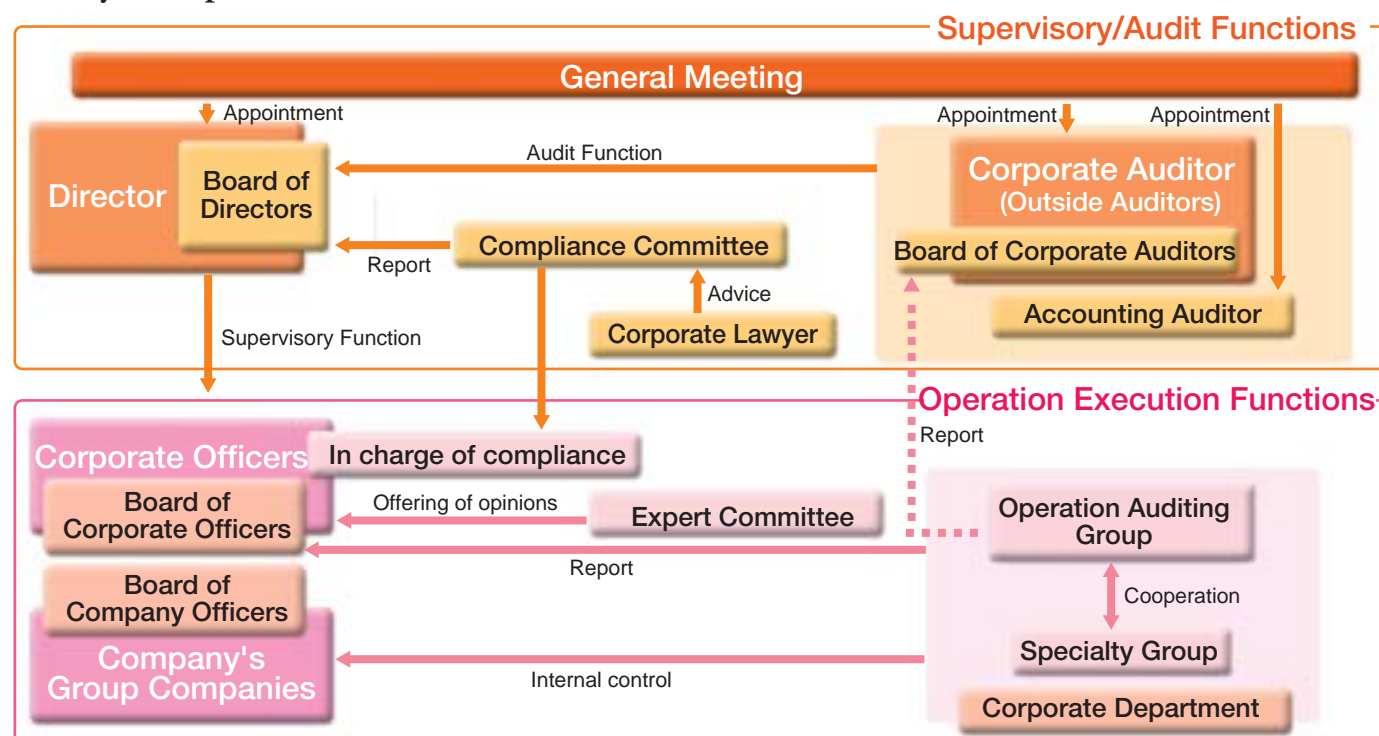
Corporate Governance

We will strive for sound and efficient management by clearly defining functions and roles.

Toyo Tire & Rubber is now developing a business management organization that aims for good corporate governance and efficient and sound management. In 1999, we introduced the corporate officers system, and we have been striving to clearly define the sharing of roles for supervision and execution in business management. Concerning the internal

control system, we established Business Operations Audit Group in the Corporate Department to periodically execute internal audits on operation performance status, compliance, etc. of respective companies and group companies, and also to supervise and advise on improvement of operations.

▶▶ Toyo Corporate Governance



Compliance (Regulatory Compliance) System

We established the compliance system, which is led by a committee consisting of all directors and officers.

We appoint directors and officers in charge of compliance to constitute the Compliance Committee, thus enhancing the compliance system.

Risk Control System

We strengthen the risk control system to enhance the control system at each operating site.

The Risk Control Basic Outline is formulated for the entire Group to promote streamlining of the risk control system, and we also execute corporate inspections by officers in charge of risk control, thus strengthening and reinforcing the control system.

Exclusion recommendation by the Japan Fair Trade Commission (FTC) on delivery of tires and tubes ordered by the Defense Agency –

In December 2004, Toyo received an exclusion recommendation from the FTC concerning order-taking activities for automobile tires ordered by the Defense Agency because the activities infringe the Antimonopoly Act. Since we found different acknowledgment concerning some facts in the recommendation, we determined not to accept the recommendation. However, for various reasons, we

consented to the FTC decision in March 2005 and the FTC accepted our consent. The Toyo Group will gravely accept the decision this time, and we are fully determined to strengthen our ethics to be led by the Compliance Committee, strictly execute education to employees, strengthen our operation auditing system, and reinforce the internal control systems.

Corporate Policy and Management Plan

We have responsibilities to be executed as a company operating globally.

Social responsibilities to be executed by a company for all of its activities: We are carrying out the responsibilities mainly through our efforts to protect the environment and quality.

Corporate Basic Policy

All employees will be assured to execute the Policy for achievement of the plan in accordance with the Basic Policy.

1 "Risk control, quality management, environmental management, etc." as part of Corporate Social Responsibility (CSR*) are just prerequisites of management and part of qualification for participating in the competition.

2 To win the severe competition among companies and to be recognized by society, all employees must constantly take on challenges.

Medium-Range Business Plan 2005

We will promote globalization of our businesses by looking steadily at overseas markets and the future.

We will advance our Medium-Range Business Plan 2005 (2005 to 2008) under the slogan "Global Challenge." The term "Global Challenge" has two meanings: to further promote and accelerate globalization of businesses, and to include the spirit of sharing the stance of all Toyo Group employees including overseas operation sites to opening up the future.

CSR

We are going ahead with activities to realize transparent and open management.

To be accountable to stockholders and investors, we are advancing IR activities. As part of such activities, to respond to ever-increasing needs of all individual investors we participate in various investor events to explain our business activities and achievements. We participated in the IR Fair in Tokyo under the auspices of the Nihon Keizai Shimbun, Inc. in September 2004; and in the IR Fair in Osaka under the auspices of Nomura Securities Co., Ltd in November.



IR Fair held in Tokyo



IR Fair held in Osaka

The Toyo stand attracted the attention of many visitors to such fairs.

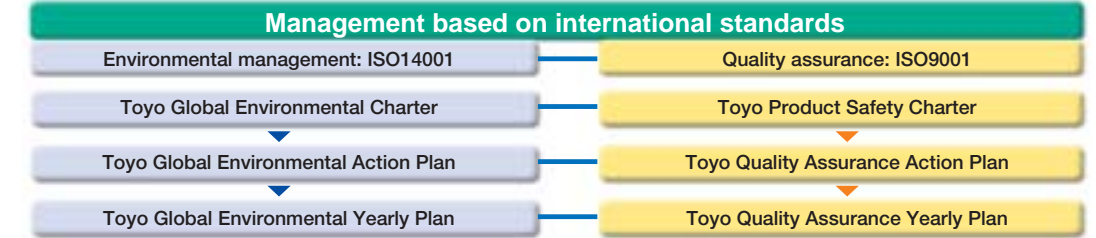
*CSR: Corporate Social Responsibility. In particular, it refers to corporate responsibility not only to pursue profit in business activities, but also to comply with regulations and to have respect for social ethics, thus providing safe and good quality goods and services.

Environmental and Quality Management

We formulate specific action plans under the respective guidelines of Environmental and Product Safety Charters.

The Toyo Global Environmental Charter was formulated in 1992 and the Toyo Product Safety Charter in 1995. Each of the Charters clearly defined the “Basic Philosophy” and the “Action Plans.”

Management System



▶▶ Toyo Global Environmental Charter

1. Basic Philosophy

Our corporate activities are aimed at enhancing the quality, enjoyment and dynamism of life. Through those activities, we are helping to protect the Earth and build a more affluent and fulfilling society.

2. Action Guidelines

1) Compliance with laws and regulations

We will work to protect the environment by complying with environmental laws and regulations.

2) Reducing environmental impact

We will strive to reduce environmental impact by limiting waste and conserving energy in our business operations, and by minimizing the use of harmful chemical substances. We will also work to protect and effectively utilize resources through recycling and other approaches.

3) Developing environment-friendly products

We will work to develop Earth-friendly products and technologies by considering all phases of the product life cycle, from production to disposal, at the product planning stage. We will develop and supply products and services that contribute to the protection of the global environment, including energy conservation and pollution prevention.

4) Coexistence with society

As a member of the global community and local communities, we will work to build a better living environment through the use of the

Toyo Group Environmental Protection Fund, and through dialog with all segments of society.

5) Corporate education and public information activities

We will implement a full range of clearly defined environmental education and information activities for employees at all levels. We will also work to inform our customers, society and local residents about our activities through public information.

6) Implementing environmental activities overseas

At our overseas business sites, we will comply with local environmental laws, implement environmental management systems, and work to achieve harmony with local communities.

7) Emergency countermeasures

We will implement thorough preventive measures against environmental accidents, and we will work to improve equipment and facilities. We will immediately investigate any accident and implement countermeasures. We will also take steps to prevent recurrences.

3. Improving Management Systems

We will improve our environmental management systems by appointing environmental, safety and health executives and establishing Specialty Group. We will work to improve the environment through clearly defined action plans formulated by the departments responsible for the implementation of environmental measures. We will conduct annual audits to ascertain and assess the outcomes of our environmental protection activities. Measures will be implemented on the basis of those results.

▶▶ Toyo Global Environmental Action Plan

Relationship with Toyo Global Environmental Charter	Medium/Long-Range Targets
2.1) Compliance with laws and regulations	Work to protect the environment by complying with environmental laws and regulations and maintaining cooperative relationships with local residents.
2.2) Reducing environmental loads	Prevention of global warming Work to reduce CO2 emissions by 12% over the 1990 level by 2010. Take actions to deal with modal shift in logistics.
	Energy saving Work to reduce energy consumption by 20% in basic unit from from from the 1990 level.
	Reduction of waste Continue our zero-emission policy aiming for complete zero emission. Reduction of harmful chemical substances Take actions to deal with VOC (Volatile Organic Compounds) emission constraints. Develop new technology leading to the total elimination of dichloromethane.
2.3) Developing environment-friendly products	Green procurement Take actions to deal with the EU-ELV and RoHS Directives. Preferentially procure environment-friendly raw materials and develop technology.
	Environmental consideration at development stage Minimize environmental loads at the development stage. Develop environment-friendly goods that are eligible for environmental labeling.
2.4) Coexistence with society	Development and supply of low-load products and technologies Develop lightweight, low-noise tires that help to reduce fuel consumption.
	Technology development Develop energy-saving products.
2.5) Internal and external education and information activities	Toyo Group Environmental Protection Fund Contribute to society through financial support for non-governmental organizations (NGOs) working to solve environmental problems, using funds collected under a matching gift system.
	Interaction with local communities Participate in and support community events, such as cultural activities and clean-up programs. Support employees' voluntary social activities.
2.6) Implementing environmental activities overseas	Use environmental and quality reports and other resources to educate employees and inform users and the public of our activities. Implement education and training programs with a clear focus on employee positions and tasks.
	Management structures Thoroughly monitor and comply with local laws and regulations and other requirements.
2.7) Emergency countermeasures	Harmony with communities Respect local culture, customs, etc., and work to maintain harmony.
	Prevention of environmental disasters and accidents Ensure proper management of environmental protection facilities, and measurement and management of pollutant loads.
3. Improving Management Systems	Updating and preparation of emergency manuals Implement emergency response drills.
	Management structures Formulate and implement specific action plans based on this plan at each operation site and manage operations in accordance with ISO14001.
	Environmental accounting Implement environmental accounting based on the Environment Ministry's Environmental Accounting Guidelines.
	Environmental auditing Conduct internal and external audits.

▶▶ Toyo Product Safety Charter

1. Basic Philosophy

Our corporate activities are aimed at enhancing the quality, enjoyment and dynamism of life. Through those activities, we are helping to build an enriched and fulfilling social environment by supplying customers, consumers and society with safer products.

2. Action Guidelines

1) As an enterprise dedicated to the creation of an environment in which people can live in better harmony with the Earth, the Toyo Group will supply users, consumers and society with safe and reliable products and services.

2) The Toyo Group will work to raise product safety levels by complying with all internal and external rules, standards and regulations that are essential to achieve product safety.

3) The Toyo Group will consider product safety at all stages, from product planning, development and design through to production, sale and use, and even the after-use stage.

4) The Toyo Group will raise awareness of product safety among its employees through training and education.

5) The Toyo Group will work to ensure the safety of all products by informing users about appropriate ways to use products and avoid misuse, and by actively seeking the views and wishes of users so that they can be reflected in products.

▶▶ Toyo Quality Assurance Action Plan

For the Toyo Group, the basic requirements for quality assurance are high technical capabilities to create customer satisfaction and continued implementation and improvement of management systems. In recent years, requirements of customers and society regarding environmental preservation are becoming severer, which

in turn heightens the need to consider environmental preservation and quality assurance in a fused manner. Against such a background, taking the opportunity to review the medium-range business plan for 2005, we formulated a new medium-range plan in which environmental preservation is fused with quality assurance.

Medium-Range Targets and Actions from Quality Assurance Aspect	
I. Overall improvement in quality throughout the company	<ul style="list-style-type: none"> ● Improvement of promotion system (organization and framework) ● Strengthening checking of environmental preservation in product development ● Strengthening of harmful substance control system in raw material procurement ● Study on measures for further improvement in management quality
II. Strengthening of field abilities through Toyo New 5S Activities	<ul style="list-style-type: none"> ● Production department: Toyo TPM Activity ● Sales department: CS Improvement Activity ● Technical and Administration departments: Operating Efficiency Improvement Activity
III. Strengthening of quality assurance and environmental preservation at overseas operation sites (for dealing with globalization)	<ul style="list-style-type: none"> ● Prevention of defective quality at startup of overseas operation sites and reinforcement of environmental control ● Introduction of the Toyo TPM Activity at operation startup of overseas operation sites ● Rapid and adequate actions for PL issues
IV. Toward the future environmental and quality management	<ul style="list-style-type: none"> ● Corporate promotion of environmental product development ● Clearly defining ecological products and promoting them externally ● Actions for dealing with legal changes

Implementation Structure

We establish systems to manage environmental protection and quality from the same viewpoints.

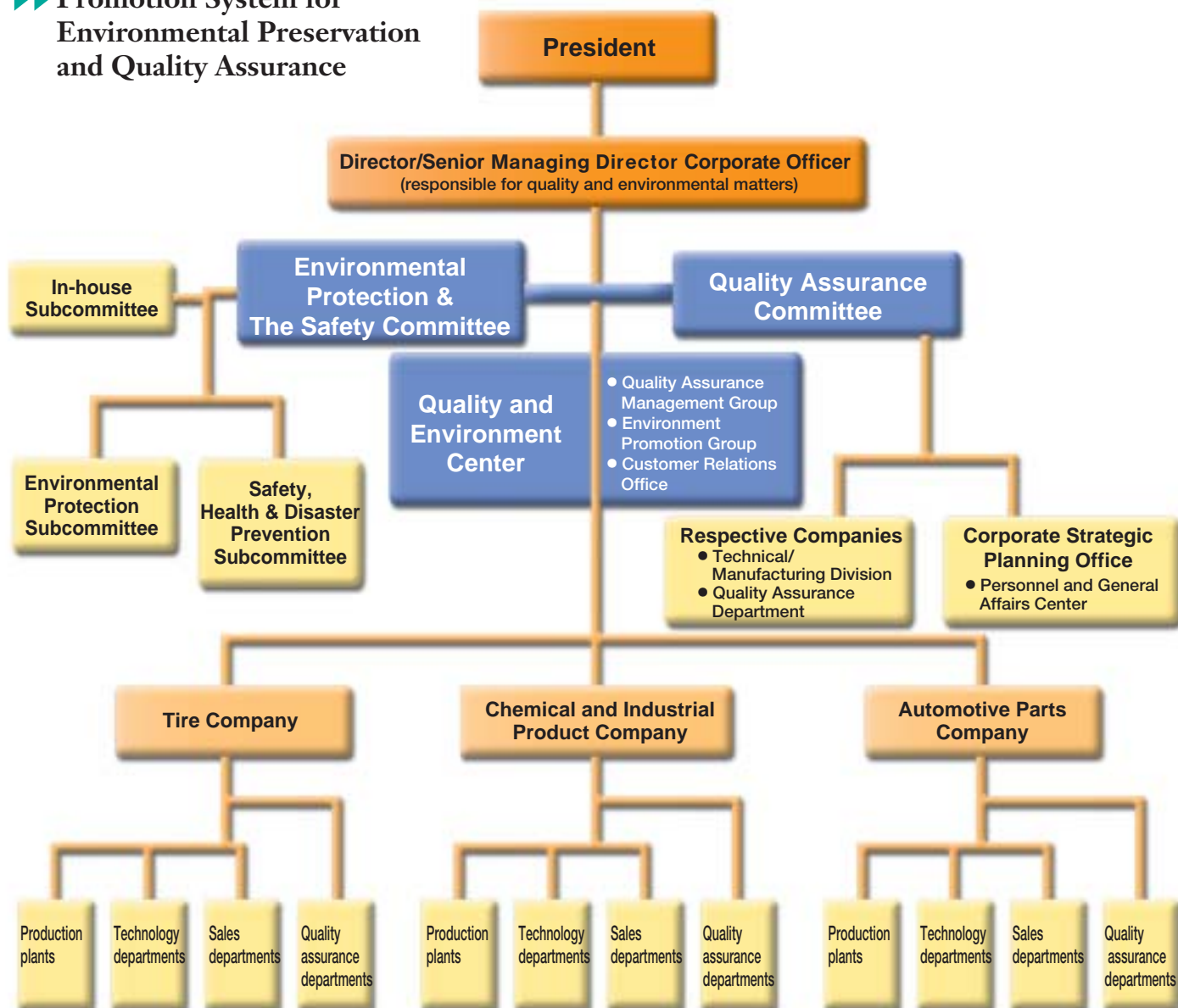
Concerning departments and management systems, the Toyo Group promotes activities in which environmental and quality activities are interrelated and integrated.

We are working on establishing a system to promote corporate and comprehensive activities.

The Toyo Group's efforts to overcome environmental problems began with the establishment of the Corporate Environment Improvement Committee in 1972. Since then, the Group has continued to work actively, especially in the area of environmental preservation. In April 2004, the structure was further enhanced and strengthened through the establishment of subcommittees to work independently within each in-house company. To achieve fusion of environmental and quality issues and promote them more strongly, the Toyo Group integrated the Quality Assurance Control Group, Environment

Promotion Group and Customer Service Center into the organization called "Quality and Environment Center." The Center is responsible for collecting market information as quickly as possible and encouraging the Toyo Group to take quality and environmental measures. In addition, we take actions so that we can provide products with assured quality satisfying customer requirements, while limiting environmental loads in production to the minimum level. Further, we make decisions while keeping communication with quality assurance and related departments of respective companies for ensuring mutual cooperation.

Promotion System for Environmental Preservation and Quality Assurance



We implement checks for both aspects of environment and quality in all processes.

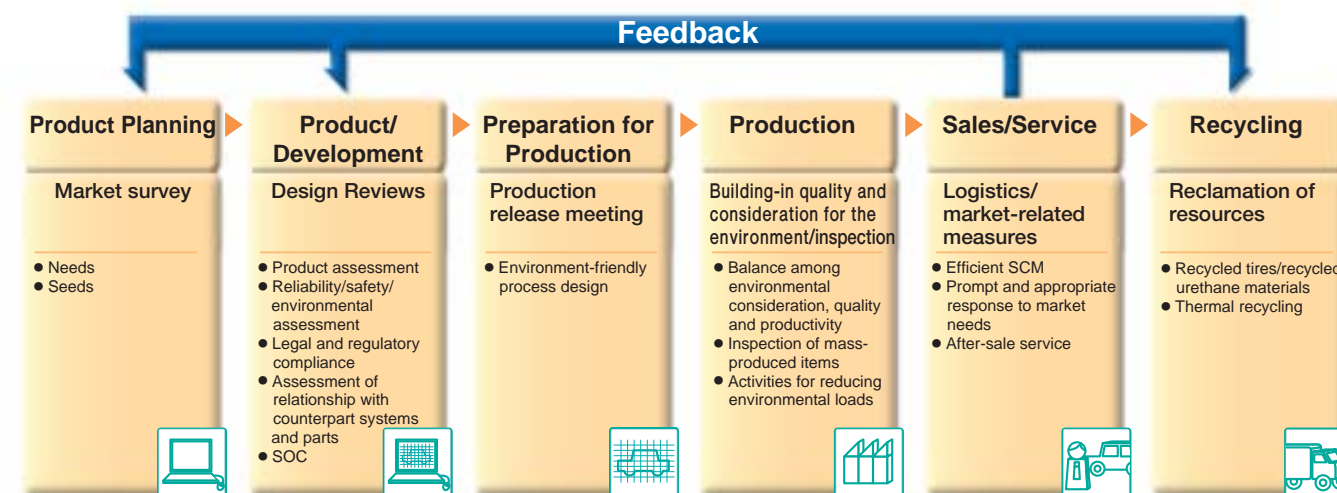
The Toyo Group adopts operations for which management systems of the International Standards ISO14001 and ISO-9001 are organically reconciled and utilized. The basic structure of this combined management system is described below.

- (1) The Toyo Group works to improve its environmental and quality performance by checking the products at all stages of all business processes to ensure that they meet the needs of users and society and comply with local laws and regulations throughout the world,

thus preventing occurrence of defects in advance.

- (2) Toyo Group periodically carries out customer satisfaction surveys to learn how customers and members of society evaluate our environmental and quality performance, to continuously improve.
- (3) If environmental or quality problems occur, the Toyo Group will immediately identify the causes and take appropriate actions.
- (4) Business processes in all segments are audited to ensure that activities are appropriately implemented.

Environment-Focused Quality Assurance Management System



Screening and Registration Status of Work Affairs

The Toyo management systems comply with international standards for environment and quality.

The Toyo Group regards environmental management systems based on the ISO14001 and quality management systems based on the ISO9001 and QS9000 as basic tools for its activities. The Group is continually implementing screening and registration procedures according to related organizations.

Screening and Registration under ISO14001, ISO9001 and QS9000 Standards

Plant/R&D Facility	Location	Screening/Registration Date			Quality System Integration
		ISO14001	ISO9001	QS9000	
Sendai Plant	Iwanuma City, Miyagi Prefecture	June 1998	July 1995	July 1998	Tire business: 1998
Kuwana Plant of Tire Company	Toincho, Inabe-gun, Mie Prefecture	December 1999	December 1995		
TOYO TECHNICAL CENTER	Itami City, Hyogo Prefecture			April 1998	
Kuwana Plant of Automotive Parts Company	Toincho, Inabe-gun, Mie Prefecture	December 1999	June 2001		
Toyo Soflan Co., Ltd.	Atsugi City, Kanagawa Prefecture	March 1999	November 1999		Automotive parts business: 2003
Chubu Soflan Co., Ltd.	Miyoshi-cho, Nishikamo-gun, Aichi Prefecture	September 1999	March 2002		
Automotive Parts Technical Center	Miyoshi-cho, Nishikamo-gun, Aichi Prefecture	September 1999	May 2001		
T.G.K. Co., Ltd.	Seki-cho, Kameyama City, Mie Prefecture	February 2000	June 2001		
Toyo Sekiki Co., Ltd.	Makinohara City, Shizuoka Prefecture		March 2001		
New Pacific Industry Co., Ltd.	Chung-Hua, Taiwan	August 2000	January 1998		
Hyogo Manufacturing Complex	Inami-cho, Kako-gun, Hyogo Prefecture	June 1998	January 2000		Chemical and industrial products: 2004
Ayabe Toyo Rubber Co., Ltd.	Ayabe City, Kyoto Prefecture	June 1999	January 2003		
Fukushima Rubber Co., Ltd.	Fukushima City, Fukushima Prefecture	February 2000	March 1997		
Soflan U-Board Co., Ltd.	Iwaki City, Fukushima Prefecture		February 2004	March 1999	
Toyo Tyre & Rubber Australia Ltd.	New South Wales, Australia	March 2006 (scheduled)	March 1994		
Toyo Automotive Parts (USA) Inc.	Kentucky, U.S.A.	September 2004	March 2004	December 1997	
GTY Tire Company	Illinois, U.S.A.		March 1995	February 1999	
Cheng Shin-Toyo Tire & Rubber (China) Co., Ltd.	Jiangsu Province, China		February 1999		
Toyo Tire (U.S.A.) Corp.	California, U.S.A.		November 1997		

TOYO is transforming itself to a factory creating the future.

We believe that a clean environment and excellent quality are like a pair of wheels driving our business activities.

We are not only promoting environmental preservation during manufacturing stages, but also developing products with high quality and recyclability. An environment for manufacturing clean products, and better products for both people and society-in-trying to realize both of these subjects, we at the Toyo Group are attempting to preserve the environment and assure quality.

Environment-friendly Development and Designing

Our development and designing technologies contribute to reducing environmental loads.

We are promoting product development in which reduction in loads and maintenance of high quality go hand-in-hand.

Tires

We provide tire products in which the factors of "environment", "safety" and "pleasure" are well harmonized.

Our basic concept for tire development is harmony of "environment", "safety" and "pleasure." However, "safety" is the absolute requirement for tires, and further, "pleasure" is one of the important subjects. When the three factors can be optimally harmonized, we can provide new values, which will result in improved customer satisfaction.



Sophisticated analysis technology, T-mode, has realized a more realistic simulation.



Various factors, such as loads working on a tire, can be precisely known by the "technology to analyze driving characteristics of vehicles" and the "optimization of tire profile with introduction of optimization algorithm", and the optimum status is simulated and designed in accordance with the type and usage of vehicle.

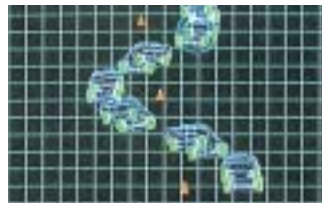
Toyo's fundamental technology for tire designing

Driving simulation
Tire simulation

A fundamental technology for tire designing in which movements of vehicles are analyzed with computers, and the data is interrelated with behavioral analysis of

Driving Simulation

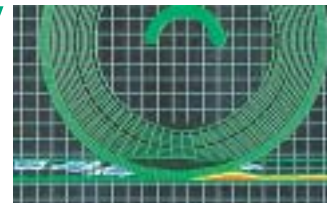
Traveling modes under different vehicle weights, total lengths, number of passengers, volume of cabin baggage, etc. are reproduced and simulated. Loads working on a tire can be measured more realistic ways, thus enabling highly accurate measurement of tire condition.



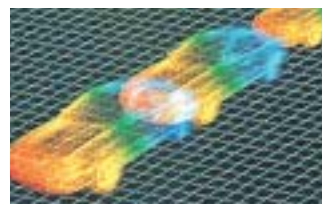
Slalom Simulation
Loads on a tire while slaloming can be measured.

Tire Simulation

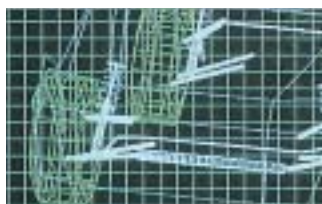
Simulation under special environments, such as simulating the ground-contact status of a tire during high-speed traveling on a wet road, that was conventionally difficult, is now possible.



Hydroplaning Simulation
The status of tire grooves discharging water on a road surface can be measured.



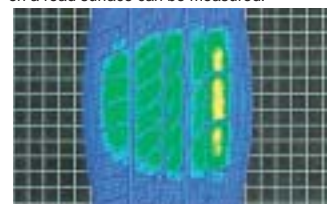
Braking Performance Simulation
Impact on a tire when applying brakes can be simulated.



Emergency Avoidance Simulation
Loads during an emergency avoidance lane-change maneuver can be measured.



Vibration Analysis Simulation
Micro-vibrations during car traveling can be simulated.



Ground-contact Surface Simulation
Status of ground-contact surface and pressure distribution can be measured in details.

The new "e-balance" technology enhances environmental performance of products.



"E-balance" is a generic term for the "optimization simulation technology" in which existing simulation technologies are further developed, such as the "high-rigidity bead technology" which reduces transformation at bead areas, and the "tire profile stabilization technology" which retains tire profiles.

The "4e effect" realized by "e-balance"

Ecology
Resistance to wear, resistance to uneven tire wear, durability and fuel consumption have been improved significantly, thus realizing resource savings and reduction in CO₂.

Economy
Resistance to wear and resistance to uneven tire wear have been significantly improved. Design for longer service life and good maintainability contribute to reduced tire management costs.

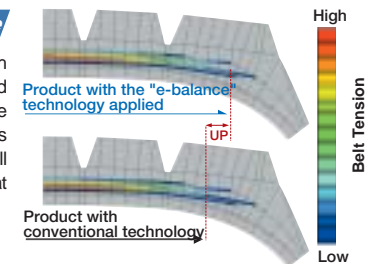
Endurance
Significant improvement in basic durability and reduction of aging deterioration contribute to longer service life and modifiability of tires.

Energy
Significant reduction in rolling resistance has realized good fuel consumption and contributes to reduction in transportation costs.

Retaining tire profile toward the end stage of use
Tire Profile Stabilization Technology
Adoption of the new high-rigidity belt package significantly stabilizes performance for tire profile retention and ground contact not only for the initial stages of use, but also for all stages up to the end stage of use. The results are improved resistance to uneven tire wear and durability.

New High-rigidity Belt Package

The working areas of the belts, which exert an influence on rigidity of the tread areas, are further expanded from the conventional design, which ensures enhanced and equalized rigidity as well as significant reduction in distortion at the belt edges.



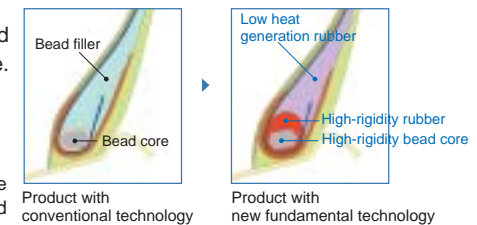
Reducing transformation and deformation, and enhancing durability considerably

New High-rigidity Bead Technology

Adoption of the new high-rigidity bead structure reduces transformation and deformation at bead areas not only for the initial stages of use, but also for the entire stages up to the end stage of use. The result is tremendous improvement in durability of bead.

New High-rigidity Bead Structure

In addition to employment of a high-rigidity bead core, a newly developed high-rigidity rubber is applied to the lower side of the bead filler, and a low generation of heat rubber to the upper side. The results are enhanced rigidity at bead areas and reduction in transformation, deformation and heat generation.



The next-generation technology that enabled higher accuracy tire design

Optimization Simulation Technology

This is the Toyo Group's latest analysis evaluation and simulation technology that has made another evolution. The technology enables prediction of changes in tire profiles and vehicle behaviors, assuming not only the initial stage of use, but also the entire stages of tire use.

T-mode

Simulation for Predicted Changes in Tire Profile
To enhance the profile retention performance, changes in tire profile of a cross section at the proper air pressure before and after use of the tire are predicted.

Simulation for Predicted Resistance to Uneven Tire Wear
To prevent uneven wear, resistance to uneven tire wear is predicted according to distribution of friction energy during tire rolling.

Simulation for Predicted Behaviors of Truck and Bus
To search for the optimum data of tire characteristics, behaviors of a vehicle are predicted according to data of tire behavior characteristics and vehicle data.

Simulation for Predicted Noise
To predict noise generation level and ensure silent noise performance, pattern configuration is automatically varied by applying an image processing technology on initially examined patterns.

Walnut-blended studless tires are ideal products that do not scrape against asphalt and are environmentally friendly.

Walnut-blended Studless Tire

The tire works fine on frozen roads (Eisbahn) and does not scrape against asphalt. The walnut-blended studless tires made of 100% natural materials are green tires satisfying both aspects of high quality and reduced environmental loads that match to the coming age.



Use of 100% natural materials makes broken tire pieces clean.



Comparison of hardness according to Mohs hardness

- Water layer
- Ice (Mohs hardness: 1 to 2.5)
- Asphalt (Mohs hardness: 8)

Environment-friendly Development and Designing

Chemical and Industrial Products

Providing environment-friendly products is part of our policy for resources.

Our biomass gas holder is a flexible gas holder made of synthetic rubber to temporarily store biomass gas that is obtained through microbial fermentation processes of animal waste, wood, kitchen refuse, etc. (organic substance resources).



Accordion Type Gas Holder Sphere Type Gas Holder

Automotive Parts

Automotive parts manufactured by the Toyo Group include rubber shock absorbers and seat cushions.

The Group has rapidly adapted its products to comply with the EU's End-of-Life Vehicles (ELV) Directive, which prohibits the use of four substances (lead, mercury, cadmium and chromium-6). It has also moved quickly to reduce substances of concern (SOC) identified in automotive manufacturers' "green procurement guidelines", etc. and also reduce its use of PRTR substances. At domestic operating sites, cationic electrodeposit coating materials of painted parts and use of

lead-free adhesive agents for rubber cushions have been already completed, and they are now working hard to eliminate the use of chromium-6 in electroplating by the end of December 2005. As for mold-releasing agents, we have already reduced use of benzene and toluene in solvents, and, for some mold-releasing agents, we are now promoting use of water-based substitutes.

Substance	Policy/Target	Progress
Lead compounds	Adhesives	Eliminated in 2002
	Identification paints	Eliminated in 2002
	Cationic electrodeposit coating materials	Eliminated in June 2004
Chromium-6	Zinc electroplating	To be eliminated in 2005
	Dacrotization	
	Anion electrodeposit coating materials	Eliminated in 2004
Endocrine disrupting substances	Phthalate resins	New use prohibited
	Brominated flame-retardants	New use prohibited
Organic solvents		Reduction in amount used;
	Toluene, xylene	Shifting to water-based solvents

Lead-Free Anti-Vibration Rubber

Front-Upper Support

We achieved weight saving by eliminating outer cylinder fixtures and bolts, and replacement of vulcanized adhesives with lead-free products.



Torque Rod

We already achieved use of lead-free vulcanized adhesives.



Cationic electrodeposit coating has been applied to achieve lead-free products.

Fluid-Sealed Type Engine Mount

Boss Metal

Weight saving has been realized by adopting aluminum for the orifice (built-in part).



Plated Bolt

Switch to chromium-3 has been completed.

Assuring Green Procurement and Quality

Our approaches started from choosing raw material suppliers, considering environmental loads.

We are improving the environment and assuring quality by choosing environment-friendly materials and suppliers, and promoting automotive tire retreading.

We support green procurement activities to replace and reduce specified substances.

In accordance with the Law on Promoting Green Purchasing, which took effect in 2001, the Toyo Group created the "Toyo Green Procurement Guidelines" in 2002, and we conducted surveys on suppliers for 80% of purchases in value terms, giving priority to 120 raw materials containing harmful substances.

① Concerning promoting introduction of ISO14001 to suppliers, 76% of the sites subjected to the survey have acquired the certificate. For suppliers that have not introduced the management system, we are conducting evaluation based on our own environment management systems that were established in compliance with the

② The "substances designated by the Toyo Group for the survey" included TDI in urethane materials, benzene in mold-releasing agents, 3,3'-dichloro-4,4'-diaminodiphenylmethane (MOCA), "lead/chlorine-based organic solvents" in adhesives, and "lead" used as a stabilizing agent of vinyl chloride hose materials.

Countermeasures

- Lead and its chemical compounds" contained in adhesives for automotive parts were completely replaced with substitutes in 2002.
- Lead and its chemical compounds" contained in vinyl chloride hose materials were also completely replaced with substitutes.
- Regarding other designated substances, we will promote using substitutions.

We build systems for assuring environment-friendly quality.

The Toyo Group manages sub-materials used in plants and some parts and materials for manufacturing equipment not only to exclude certain substances in the raw materials of our products-such as harmful substances prohibited by the EU's End-of-Life Vehicles (ELV) Directive, substances listed on the EU's RoHS Directive, and other prohibited substances that are specified by procurement standards individually stipulated by OA equipment manufacturers-but also to prevent mixing and adhesion of such substances in the manufacturing stages of the products. To ensure quality control, in the purchasing stage, we investigate and confirm the exclusion of harmful substances in procured items and conclude quality contracts with suppliers.

Based on our purchasing quality system, we consistently audit processes, request improvement of problematic areas, inspect procured items on receipt, and take other measures. In addition, when developing new products using supplied items, or when changing manufacturing processes, we always review designs at the major stages of basic design, detailed design, decision of manufacturing methods, review of equipment and so on. Thus, we have structured a mechanism for ensuring guaranteed products and processes that do not contain substances of concern (SOCs).

Concerning packing materials for raw material procurement, we are working on the use of reusable materials.

The Toyo Group is attempting to positively reduce environmental loads by gradually replacing packaging materials with

reusable materials made of flexible containers, resins, metals and the like, with cooperation from suppliers.

We use environmentally friendly materials for articles of daily use in offices and various operation sites.

The Toyo Group has long attempted to protect forests by using recycled waste paper material for copier paper, business cards, envelopes, etc. At the same time, we purchase recycled products for copying machines and toner for printers, thus reducing waste. We are also promoting a paperless environ-

ment by arranging for images captured with a scanner to be stored in a shared server or a personal computer so that all related persons can access the images, or by using a projector for conferences and for presentation materials.

We promote recycling of tires by applying functional recovery technology.

The Toyo Group was actively developing its tire retreading operations even before the use of retreaded tires was added to requirements under the Law on Promoting Green Purchasing in April 2002. Tire retreading involves the application of a new rubber road surface to the casing of an automotive tire that was worn out during its primary service life, making it suitable for reuse in its secondary service life. There are two processing methods: remold processing and the precure-processing.



Remold-Processing Type



Precure-Processing Type

Preventing the Greenhouse Effect

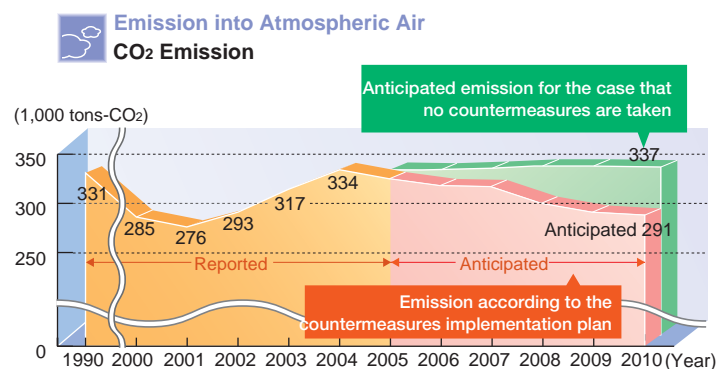
We promote reduction in CO₂ through energy conversion to prevent the greenhouse effect.

On February 16, 2005, the "Kyoto Protocol" which stipulates reduction in greenhouse gas came into effect. The Toyo Group aimed to reduce CO₂ emission by 10% from the 1990 level by 2010. Now, as a new goal, we set forth reduction by 12% of the total amount in 1990 by 2010, and we will promote activities for CO₂ reduction more powerfully than ever.

During this fiscal year, we could reduce CO₂ emission by about 4,000 tons of CO₂ by introducing energy-saving equipment and energy-saving activities. However, due to increased production volumes, the total amount reached 334,000 tons of CO₂, or an increase of 17,000 tons of CO₂ (5.4%) from the previous year's level.

CO₂ Emission Reduction Plan for 2005 and Thereafter

- ① Enhancement of cogeneration.
- ② Fuel conversion to natural gas from heavy oil
- ③ Shifting of cogeneration fueled by heavy oil to that by natural gas
- ④ Strengthening of energy-saving activities

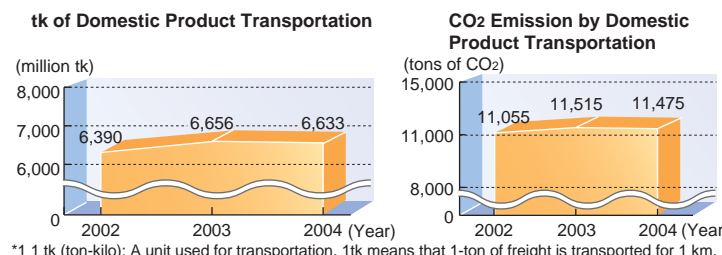


Reduction in CO₂ Emission in Logistics Departments

We consider measures for exhaust gas from trucks in transportation stages as part of our attempts to preserve the environment.

We are attempting to reduce CO₂ in transportation stages by shifting transportation means to inland vessels or establishing an efficient truck usage system.

Our logistics departments handle domestic transportation of finished tires. As a result of Kaizen activities of transportation means, the production volume increased by 8.5% from the previous year's level. However, the total transportation volume in 2004 was reduced by 0.35% from the previous year to 66.33 million tk from the previous year to 66.33 million tk *1.



Activities for Improving Transportation Efficiency

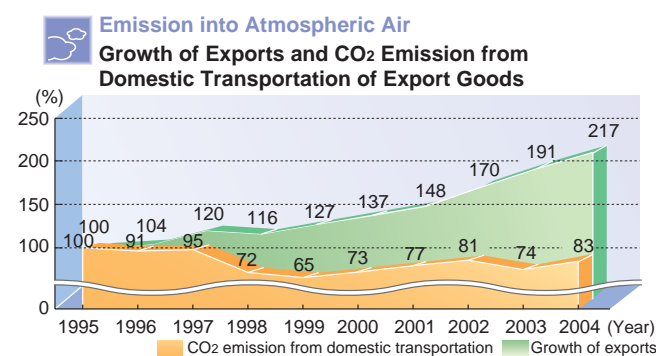
Modal Shift

We have been reducing CO₂ emission from transportation at a satisfactory pace since 1995 by increasing the rate of direct export from ports near to our production sites year by year and promoting modal shift using inland vessels. For fiscal 2004, since export amount from ports near to our production site

decreased, CO₂ emission from transportation increased by 3% over the previous year, but we achieved reduction by 24% from the 1995 level. In the future, we will implement approaches in which products will be loaded and shipped on the trucks that delivered raw materials, thus promoting effective use of deadhead trucks.

Shortening the transportation distance

We will further shorten trucking distances by continually increasing the ratio of exporting from the export ports nearest to our tire plants, to absorb increased volume of tires for export and by directly shipping tires in factory packaging.



Reducing Industrial Waste

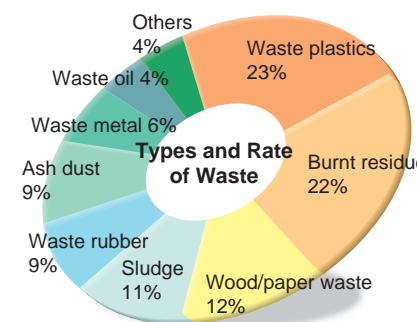
We are initiating zero-emission recycling by reducing industrial waste throughout the Toyo Group.

Under the zero-emission policy for reduction, reuse and recycling, we are promoting complete zero-emission activities throughout the Toyo Group, including plants, manufacturing complexes and even affiliated companies.

Last year, we achieved zero emission at all 18 operating sites of the Group.

The zero emission policy stipulates that direct disposal at landfills must be limited to 1% or less of the gross amount of industrial waste generated. In fiscal 2002, we achieved this at Fukushima Rubber Co., Ltd., followed by the Hyogo Manufacturing Complex and the Toyo Soflan site in 2003. In fiscal 2004, direct disposal at landfills was 200 tons, and we achieved

the number of 0.6% of the gross amount generated. All 18 operating sites of the Group including non-manufacturing sites reached this status. Four sites among them achieved complete zero emission status. In the future, we will achieve complete zero emission status at remaining sites and promote reduction in the generated amount.



Waste treatment regulation was tightened by the amendment to the law made last year.

Major points of the amendment to the law in 2004 are as follows. To prevent illegal waste dumping, legal compliance was further enforced.

- ① Introduction of the specified harmful waste system
- ② Rationalization of procedures of the system to permit establishment of waste treatment facilities
- ③ Measures to be taken for accidents in waste treatment facilities
- ④ Strengthening of regulations concerning characteristic form and quality of land where waste exists underground
- ⑤ Instructions by the minister for environment
- ⑥ Strengthening of penalties



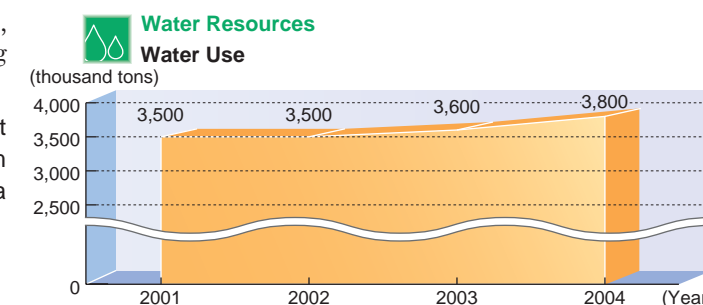
Waste sorting area at Sendai Plant

Protecting Water Resources

We are attempting to effectively utilize resources by promoting reuse of water used in our manufacturing processes.

The Toyo Group is attempting to effectively utilize water resources, for example, by collecting water that is used in its manufacturing processes and reusing the water as steam and cooling water.

The Toyo Group is promoting activities for reusing water to protect water resources. In fiscal 2004, production volume increased from the previous year. Accordingly, we used 3.8 million tons water, a slight increase from the previous year.



* The 2004 aggregation includes water use at Toyo Seiki Co., Ltd., Orient Koki Co., Ltd. and Soflan U-Board Co., Ltd., which are manufacturing complexes of the Toyo Group, and five non-manufacturing sites.

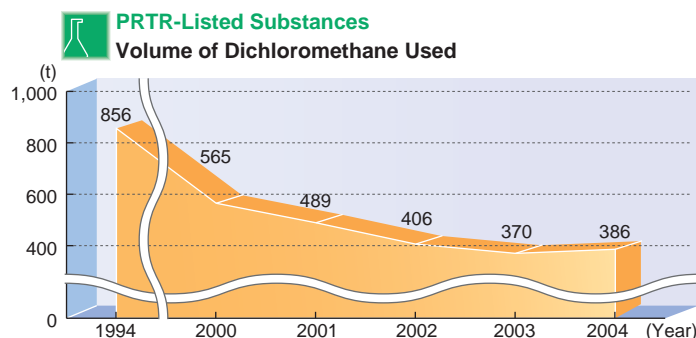
Managing Chemical Substances

We are improving both the environment and quality by reducing specified chemical substances.

The Toyo Group is attempting to reduce environmental loads by replacing substances such as dichloromethane that are covered by various laws and regulations with alternative substances.

Reduction of Dichloromethane Use

Dichloromethane is used as a foaming and cleansing agent for urethane foam. Dichloromethane, which is a chlorine-based solvent, is restricted under various environmental laws and regulations. The Toyo Group is actively working on reducing the use of this substance. In fiscal 2004, the amount of dichloromethane handled increased slightly to 386 tons, though we eliminated its use at Chubu Soflan Co., Ltd. by using an alternative substance for cleansing.



Compliance with the PRTR Law

Among 354 specified chemical substances for which businesses are required to monitor the emission/transfer amounts and submit notifications to the authorities under the Pollutant

Release and Transfer Register (PRTR) Law, the Toyo Group uses 32 of these substances as listed in the table below.

▶▶ **PRTR in FY2004** The following table lists releases and transfers, etc. of 1 ton or more per year of chemical substances identified in the PRTR Law (0.5 tons or more for the Specific Class I Designated Chemical Substances)

Official No.	Substance	CAS No.	Emission			Transfer	
			Atmosphere	Water	Soil	Waste, etc.	Sewage
1	Zinc compounds (water-soluble)	-	0	0	0	4,088	
9	Bis(2-ethylhexyl) adipate	103-23-1	0	0	0	638	
25	Antimony and its compounds	-	0	0	0	0	
30	Bisphenol A type epoxy resin (liquid)	25068-38-6	0	0	0	0	
32	2-Imidazolidinethione	96-45-7	0	0	0	0	
40	Ethylbenzene	100-41-4	6,389	0	0	725	
43	Ethylene glycol	107-21-1	0	0	0	14,661	
44	Ethylene glycol monoethyl ether	110-80-5	7,346	0	0	270	
59	p-Octylphenol	1806-26-4	0	0	0	13	
63	Xylene	1330-20-7	154,728	0	0	36,813	
100	Cobalt and its compounds	-	0	0	0	285	
101	2-Ethoxyethyl acetate	111-15-9	25,722	0	0	912	
115	N-Cyclohexyl-2-benzothiazolesulfenamide	95-33-0	0	0	0	11,479	
120	3,3'-Dichloro-4,4'-diaminodiphenylmethane	101-14-4	0	0	0	0	
132	1,1-Dichloro-1-fluoroethane; HCFC-141b	1717-00-6	10,899	0	0	635	
145	Dichloromethane; methylene dichloride	75-09-2	211,600	0	0	10,766	
159	Diphenylamine	122-39-4	0	0	0	5	
172	N,N-Dimethylformamide	68-12-2	3,340	0	0	1,757	
177	Styrene	100-42-5	0	0	0	0	
198	Hexamethylenetetramine	100-97-0	0	0	0	576	
224	1,3,5-Trimethylbenzene	108-67-8	22,984	0	0	372	
227	Toluene	108-88-3	203,982	0	0	47,682	
230	Lead and its compounds	-	0	0	0	121	
249	Zinc bis(N,N'-dimethyldithiocarbamate)	137-30-4	0	0	0	26	
266	Phenol	108-95-2	2,454	0	0	35	
270	Di-n-butyl phthalate	84-74-2	0	0	0	0	
272	Bis(2-ethylhexyl) phthalate	117-81-7	0	0	0	9,401	
282	N-(tert-Butyl)-2-benzothiazolesulfenamide	95-31-8	0	0	0	3,841	
309	Poly(oxyethylene) nonylphenyl ether	9016-45-9	0	0	0	6,255	
338	Methyl-1,3-phenylene diisocyanate; m-tolylene diisocyanate	26471-62-5	15	0	0	11,322	
352	Tris(2-chloroethyl) phosphate	115-96-8	0	0	0	16	
179	Dioxins	-	39	0	0	41	

Note: Units are in kilograms, except that those for PCDDs are in mg -TEQ/year (two significant decimal places).
(The number 18,059 kg for Emission into the atmospheric air of 338-m-tolylene diisocyanate in 2004 was incorrect. The correct number was 18 kg.)

Measures for Air, Odors, Water and Soil

We are tackling global environmental conservation from all aspects: the Air, Water and Mother Earth.

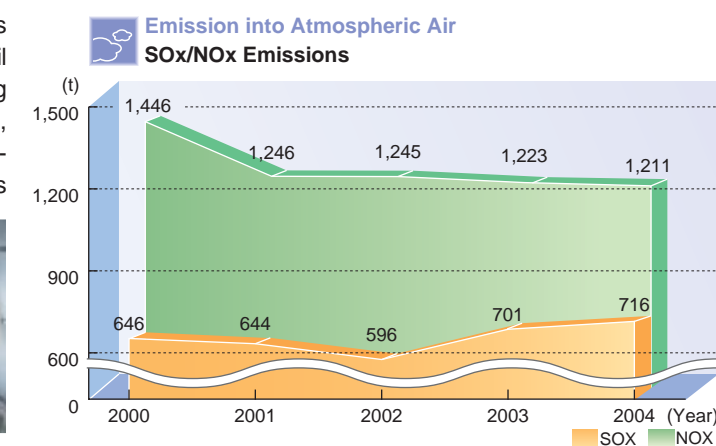
The Toyo Group reduces environmental loads by introducing a pollution prevention system which is best suited to air, odors, water and soil, respectively.

Switching over to natural gas while reducing environmental substances of concern

To reduce the amount of sulfur dioxide (SOx) in the stack gas from its boilers, the Toyo Group is converting fuel oil C to fuel oil A and installing desulfurizers to remove SOx, and also installing stack gas deodorizers and direct heating deodorizing systems, thus reducing environmental pollution. In addition, the cogeneration system using a co-combustion boiler fueled by used tires and coal contributes to reduction in emission of SOx and NOx (nitrogen oxide). We will also be switching fuel oils to natural gas in accordance with the CO2 Reduction Plan, so SOx and NOx emissions should decline.



Direct heating deodorizing system

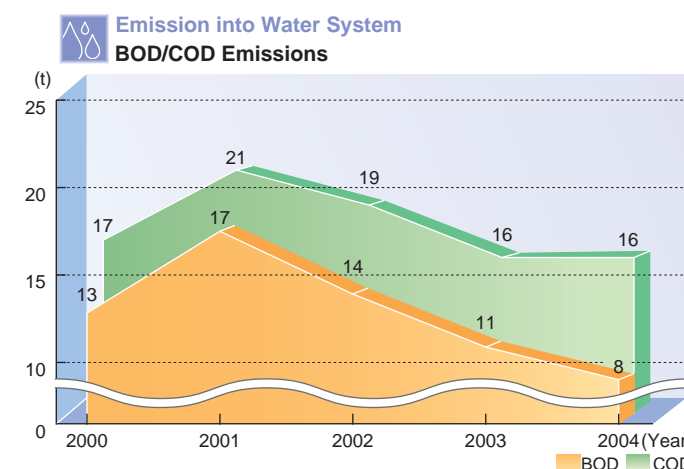


Preventing outflow of oils and chemical substances through water management and leakage prevention equipment

Before it is discharged into open bodies of water, factory wastewater is treated to remove oils and adjust pH levels. Some of our operating sites have plants which are located next to Ise Bay or the Seto Inland Sea, and at such plants it is required to measure the total amount of COD (chemical oxygen demand), nitrogen and phosphorus and to manage the required measurement. As a priority policy for FY2005, we will provide an emergency shutdown device at the final drain outlet as a measure for preventing leakage of harmful substances to outside of the plant caused by an accident or the like. At those sites where the shutdown device has been installed, they are conducting training in accordance with the emergency manual and are ready to take action.



Emergency water interception valve at the final drain outlet of the plant



Building a system that prevents pollution even during emergencies

In the periphery of outdoor storage tanks for chemicals and fuels, a dike is installed as means for preventing leakage during emergencies. In addition, an emergency response manual has been created, and training is carried out.



Dike for an outdoor chemical tank

Protecting the Ozone Layer

We are working toward completely non-CFC products by developing and introducing new technologies.

To protect the ozone layer and prevent greenhouse effect, as one of its global-scale environmental measures, the Toyo Group totally eliminated the use of alternative CFC (HCFC-141b) which is a forming agent for hard polyurethane products and switched to the next-generation foaming agent (HFC) which provides a higher energy-saving effect, and thus our measures for protection of the ozone layer have been completed. We are working to realize foaming technologies to achieve complete non-CFC products by using hydrocarbons, which offer the lowest greenhouse coefficient, and water. In addition, we are promoting totally CFC-free designs in the areas of thermal insulation boards for external thermal insulation housing-which is attracting attentions these days; above-ground and under-ground LNG tanks for which technology of cold storage under cryogenic temperature is required; and LNG tankers.

Technologies concerning non-CFC products have already been put into practical use through our various approaches.

Eliminating CFCs from Hard Polyurethane Foam

The Toyo Group has been promoting measures to protect the ozone layer and prevent greenhouse effect, and has been researching and developing measures to eliminate HCFC-141b suited for quality requirements for hard polyurethane products. The measures to eliminate HCFC-141b can be divided mainly into the following:

- Use of next-generation foaming agent that offers excellent energy-saving effect (HFC foaming)

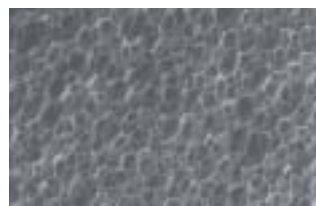
- Totally CFC-free products that also contribute to prevention of greenhouse effect (Foaming with hydrocarbon and water)

We have already completed actions to protect the ozone layer. Now, we are working on establishing environmental technologies for preventing greenhouse effect, while giving the highest priority to the development of non-CFC technology with the green procurement.

Next-Generation Energy-Saving Housing Construction Method: Soflan-R Hundred Method

Using non-CFC spray that offers excellent formability, etc.

Use of the Hundred Foam (HF) of the foam-in-place spray type of urethane foam enables application work for housing of any construction regardless of the shape of furring, thus allowing formation of a seamless heat insulation layer. This is the "Hundred Method."



Foam of HFC



Foam of Hundred Method

Soflan Board Ready for Power-Saving and Energy-Saving Applications

Non-CFC boards are adopted for automatic vending machines

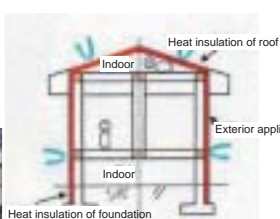
Conventionally, products foamed by using hydrocarbon were inferior to those foamed with CFC in terms of heat insulation performance. However, lower heat conductivity equivalent to that for an electric refrigerator was realized by the fine processing technology of cells, which satisfied the energy-saving standards for automatic vending machines for beverages. Now, products foamed with hydrocarbon have been adopted by major automatic vending machine manufacturers. In addition, we apply the non-CFC technology to the "Shadan Boards" which have been approved as a material for next-generation energy-saving housing by utilizing the technology for lower heat conductivity.



Automatic vending machine in which non-CFC boards are employed



Construction work of non-CFC boards



Shadan Q External Thermal Insulation Method

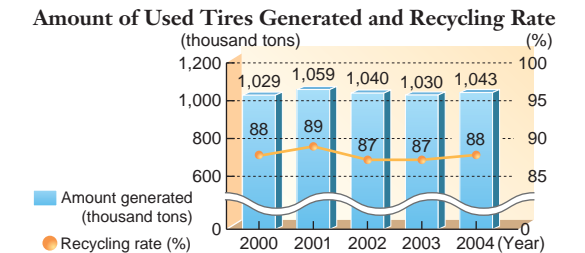
Recycling of Used Tires

We collect used tires and utilize them for recycling of raw materials and as fuel for Thermal recycling power generating system fueled by used tire.

Regarding recycling of used tires, the entire tire industry is working under the leadership of the Japan Automobile Tire Manufacturers Association (JATMA). The Toyo Group reuses about 2 million tires a year for thermal recycling through a cogeneration system in which recovered tires are used as part of the fuel at the Sendai Plant.

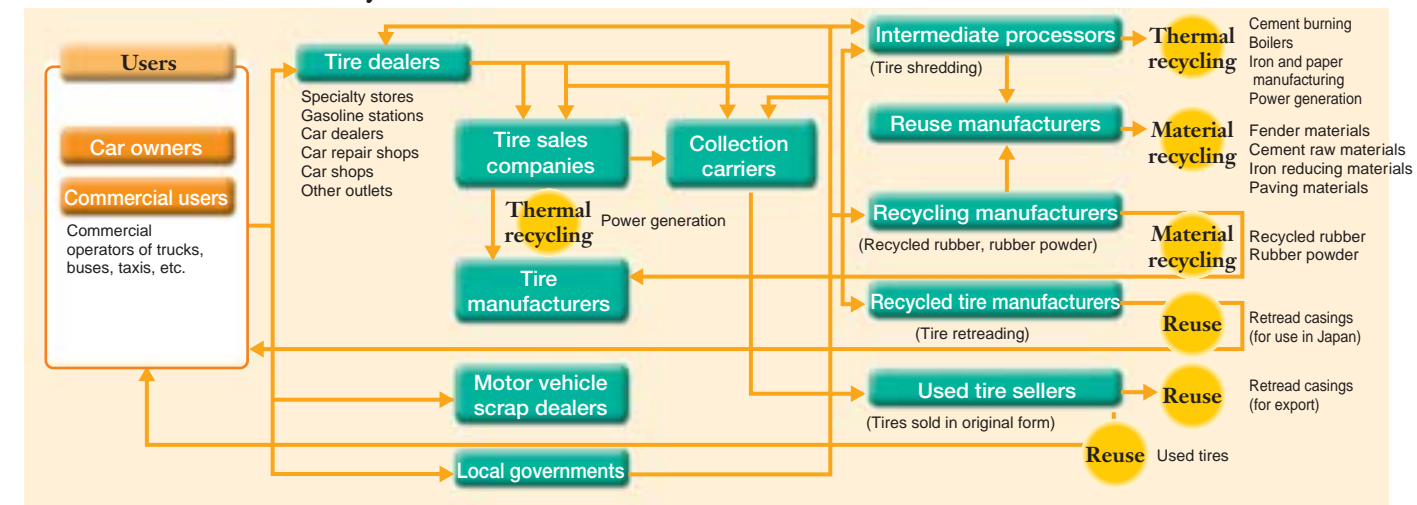
Achieving waste reduction by enhancing the recycling rate

The total amount of used tires generated in 2004 in Japan reached 103 million pieces (the same as the previous year) and 1,043 thousand tons in weight (an increase of 1,300 tons over the previous year). The recycling rate was 88% (an increase of 1% from the previous year's level).

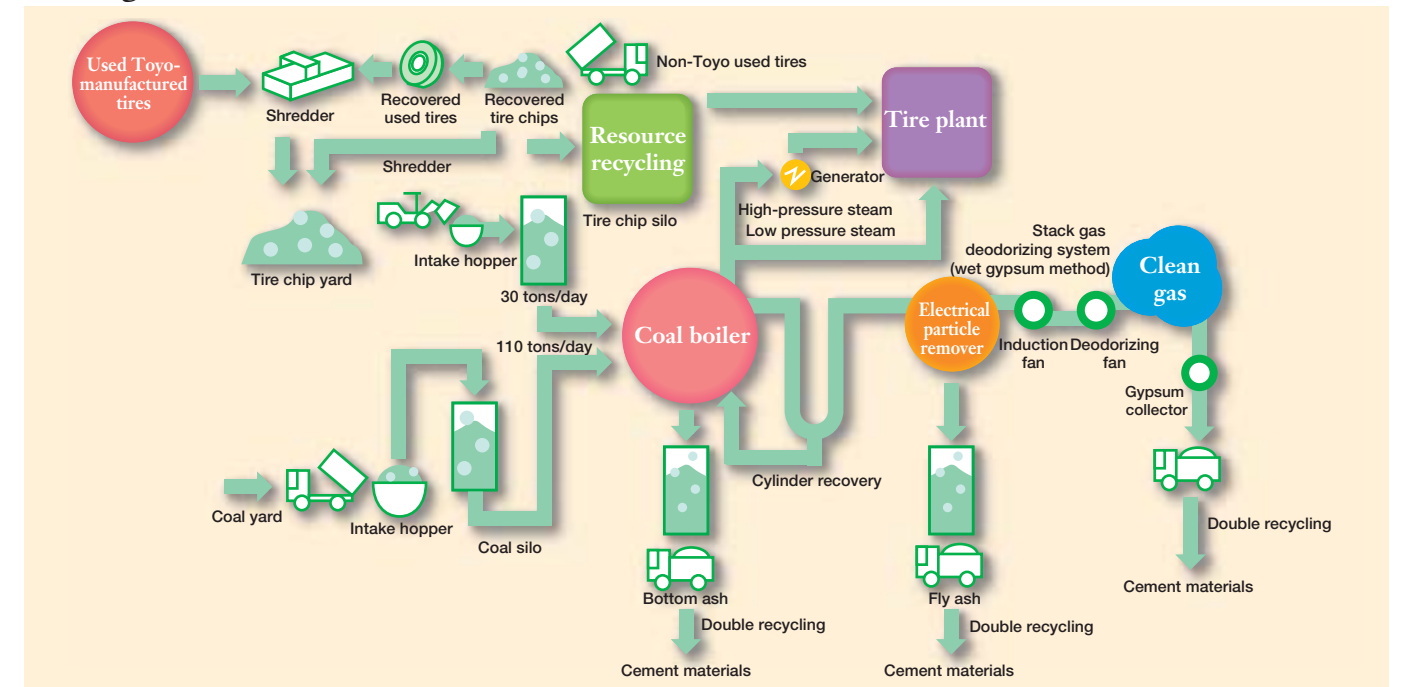


Establishing the recovery / treatment systems that enable taking full advantage of used tires

Used Tire Recovery / Treatment Routes



Cogeneration Facilities at the Sendai Plant



Securing and Improving Quality

Objective opinions and evaluations support our activities.

We are working on Kaizen activities in which customers' opinions and evaluations from external sources are considered to improve quality and corporate values.

Creating conforming products by acting in unison at design, production, engineering and manufacturing departments

1. Built-in Quality

We clearly defined three requirements (design, production engineering and manufacturing) for ensuring conforming products in manufacturing processes, and related departments are jointly promoting activities. In particular, design reviews and initial control activities are enhanced to prevent failures at the time of introducing new products.

2. Inspection

We inspect to prevent outflow of defective products to customers and to feed back data to Kaizen activities. We strengthened education and training of inspectors to improve inspection accuracy, and we operate a system to qualify inspectors.

Customers' opinions are necessary to maintain high quality.

The Toyo Group is working to maintain and improve high quality by carefully listening to customers' opinions at the stages of purchase, use and discarding of products. We are improving customer satisfaction by summarizing and analyzing such customers' opinions as well as by implementing Kaizen activities.

System of Kaizen Activities

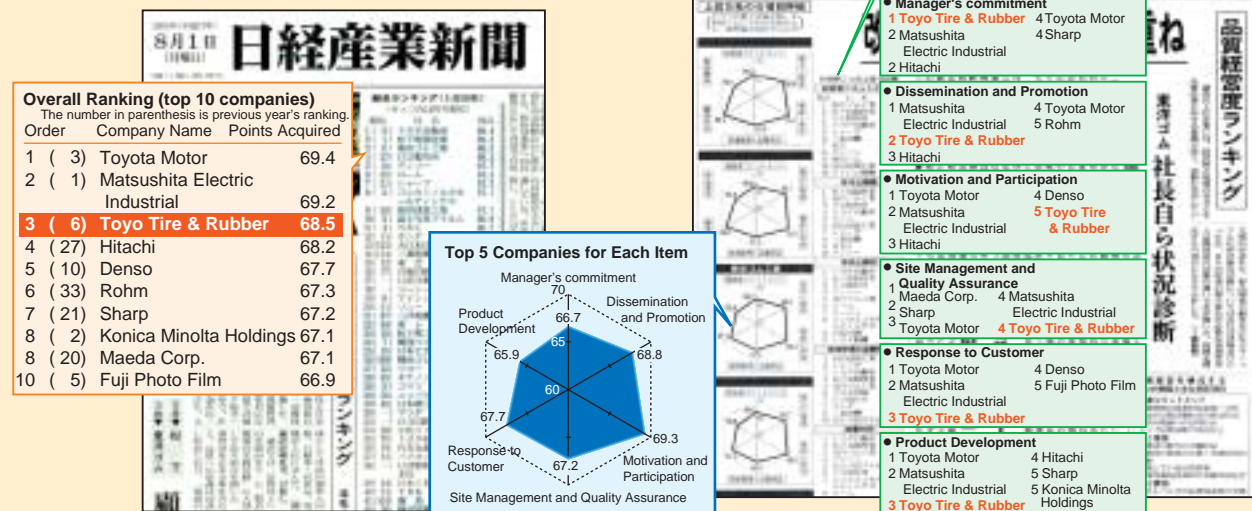


Our activities according to the company's concept have gained a high reputation.

Toyo Tire & Rubber Co., Ltd. was placed first in its industry and third overall in the Second Inaugural Survey of Quality Management Standards.

Toyo Tire & Rubber Co., Ltd. was placed third overall in the "Second Inaugural Survey of Quality Management Standards" which was conducted on 528 leading manufacturing companies conducted by the Nihon Keizai Shimbun newspaper and the Union of Japanese Scientist and Engineers (Effective answers: 239, Release: the Nikkei Sangyo Shimbun dated August 1, 2005). The company was ranked in the top five for all six items that should be benchmarks for evaluation. In particular, concerning Manager's Commitment, the previous year's achievement-that the president made 122 visits to plants and manufacturing complexes-was highly evaluated, and the company was selected as a magnificent No. 1.

The Nikkei Sangyo Shimbun dated August 1 (Source)



Other Major Evaluations from External Sources

Customer satisfaction for OEM

• We received the Excellent Quality Award and Best Supplier Award from three domestic and overseas OEMs in 2004.

Customer Satisfaction in General Markets

• Customer satisfaction according to industry magazines
 • We were ranked first for four consecutive years, in recovered tire segment of Tire Brand Survey by Tire Review magazine.
 • We received the Supplier of the Year Award from the tire retail industry in the Netherlands.

• We were ranked first for the applied tire share for six consecutive years for Popular Tire Brand Evaluation by OVERBOOST.COM.

Others

• We received the "Rubber Technology Progress Award" by the Society of Rubber Industry, Japan for two consecutive years.
 • The car equipped with TRAMPIO R888 won the championship of Class N1 of the All Japan Gymkhana & Dirt Trial.

Environment-Friendly Products

We are trying to manufacture green products that ensure environmental conservation when they are used.

We are producing products while considering energy saving, including fuel efficiency and extended tire life.

Tires

Saving Resources with Long-Life Tires

In response to requests from the truck and bus industries where the top-priority subject is reducing environmental loads and costs, we expanded our product range by developing the M628 tire, exclusively designed for low-floor route buses, and the M626, for trucks and buses, which realized hard wearing and longer service life.



M626 for trucks and buses M628 for low-floor route buses

Developing low-noise tires to comply with strengthened noise regulations

In Europe, the "Noise Certification System" took effect in August 2003 followed by enforcement of the laws "Obligation for Certification Mark on Items Mounted on New Vehicles" in February 2005 and "Obligation for Certification Mark on Ongoing Items" which will be enforced in September 2009. Thus, regulations on noise are becoming severer. The Toyo Group develops tires that reduce external noise without deteriorating performance characteristics by utilizing analysis of driving feel and noise-generating factors of the "T Mode" system

Using fuel-efficient tires to reduce greenhouse effect gas emission that results in global warming

The Toyo Group has expanded its range of fuel-efficient tires, including the TRANSAS TEO for sedans, ZEROSYS M166 for trucks and buses and the studless tire ZEROSYS M966.



TRANSAS TEO ZEROSYS M166 ZEROSYS M966

Product Features (M966)

- We developed a new tread pattern to reduce rolling resistance. We succeeded in reducing the resistance by 25% from the level of conventional products.
- We adopted the ZEROSYS Carcass, which reduces energy loss caused by deformation of the tire.
- We adopted the New ZEROSYS Studless Compound, which simultaneously reduces wear resistance and rolling resistance on dry road surfaces, while ensuring firm grip on frosty road surfaces.

Making strong efforts for CO2 reduction during use of tires, while promoting life cycle assessment

The Toyo Group is positively promoting life cycle assessment (LCA) of tires. In particular, we are working to reduce environmental loads during use of products.

Importance of fuel efficiency, as seen from trial calculations

In the whole life cycle of tires, the environmental load becomes the largest in the stage of use, and fuel efficiency is considered to be an important factor affecting CO2 emission. A comparison of two cases where fuel efficiency is 15km/ℓ (Graph 1) and 10km/ℓ (Graph 2) clearly shows the difference in CO2 emission, and it can be understood that fuel efficiency is an important factor to reduce CO2

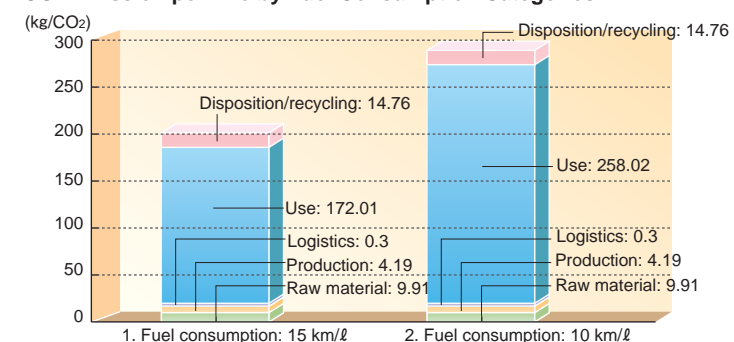
emission. Therefore, the Toyo Group will emphasize development of fuel-efficient tires to reduce fuel consumption, while working on reducing CO2 at each stage, including raw material procurement, logistics and finally, of course, disposition and recycling.

LCA Calculation Method

Calculations were conducted in conformity to the "Trial Execution of Inventory Analysis on Tires" edited by the Japan Rubber Manufacturers Association.

- Raw material procurement stage: Inventory data of each raw material
- Production stage: Energy required for production (fuel and electric power)
- Logistics/sales stages:
 - Traveling of 10-ton trucks for 500 km (Fuel consumption: 3.5 km/ℓ)
 - Payload per truck: 800 passenger car tires
- Use stage:
 - Tire weight: 6.5 kg
 - Service life: 3,500 km
 - Fuel consumption: 15 km/ℓ, 10 km/ℓ
 - Contribution of tires to fuel consumption: 1/8
- Disposition and recycling stages:
 - Recycling shall be thermal recycling, and it shall be assumed that carbon (C) contained in a used tire will be completely turned into CO2.

CO2 Emission per Tire by Fuel Consumption Categories



Environment-Friendly Products

Chemical and Industrial Products

Eco-technologies we developed are utilized in various fields.

Heat Insulation of LNG Storage Tank

A ground-based LNG tank of PC (pre-stressed concrete) structure stores LNG (liquefied natural gas) at an ultra-low temperature of -164°C. Heat insulation work to prevent rapid temperature decrease in case LNG leaks from an inner layer was completed at the LNG Center, Sakai Plant of Kansai Electric Power Co., Inc. in March 2005. The use of our unique method enabled us to complete the work for three tanks in a very short construction period of about six months and the insulation effect has saved energy. For materials, we used hard polyurethane, which uses a foaming agent featuring an ozone-depleting coefficient of zero.



LNG Storage Tank

Shadan Q Method

The Shadan Q method is a high-performance heat insulating system that combines the hard urethane boards "Shadan" which boast the highest level heat insulation performance, and the "external thermal insulation method." The method not only reduces the formation of condensation as a heat insulation system, but also displays appropriate heat insulation even with thin boards, thanks to improved heat insulation performance. Boards can be installed with shorter nails, while ensuring better

construction quality and durability of housing. In a screening in 2001 the Institute for Building Environment and Energy Conservation (IBEC) found the Shadan Q method to conform to the Next Generation Energy Conservation Standard. Housing conforming to the next-generation energy-saving Standard reduces energy consumption and environmental loads, and creates a favorable indoor thermal environment.

Roof

Exterior wall

Foundation



Automotive Parts

We produce and develop various lightweight automotive parts to meet industry needs.

To meet the need to lower fuel consumption of vehicles, automotive parts must be lighter. In response, we are developing and commercializing a wide array of related products, including high-performance controllable engine mounts, anti-vibration rubber with aluminum fittings to reduce weight, lightweight resin CVJ boots, and low-density lightweight seat cushion pads.



Approaches to LCA on Automotive Parts

The Toyo Group also started LCA on automotive parts, to effectively utilize resources and reduce environmental loads, by analyzing impacts on the environment throughout the life cycle of products. As

the first step, we started LCA on manufacturing processes, and the data was provided to customers.

Environmental Accounting

We are attempting to make our business activities clean by reflecting the Environmental Accounting Report in our business administration.

The Toyo Group first introduced and published our environmental account in 1999 as a way to provide a quantitative assessment of the costs and benefits of environmental protection. We will continuously work to further improve the accuracy of our information, and accelerate the processes for aggregating information, so that the accounts can be used to support management decision-making.

Scope of aggregation

Eight manufacturing complexes:

- Sendai Plant ● Kuwana Plant ● Hyogo Manufacturing Complex ● Toyo Soflan Co., Ltd.
- Chubu Soflan Co., Ltd. ● Fukushima Rubber Co., Ltd. ● T.G.K. Co., Ltd. ● Ayabe Toyo Rubber Co., Ltd.

Period of aggregation

April 1, 2004 to March 31, 2005

Last year, we reduced environmental conservation costs for the entire Group.

The environmental conservation costs of the entire Toyo Group decreased by approximately 13% year-on-year. According to items, resource-recycling costs increased by approximately 3.5% from the previous year's level due to an increase in waste disposal costs.

Environmental Protection Costs

(unit: million yen)

Environmental Protection Costs	Principal Cost Items	Environmental Investment		Environmental Cost	
		2003	2004	2003	2004
1. On-site costs	Pollution prevention costs Costs for desulfurization systems, denitrification systems, dust-collecting systems and water quality measuring equipment, etc.	200	84	261	269
	Global environmental protection costs Costs for energy-saving activities, procurement costs of energy-saving equipment, etc.	218	113	333	300
	Resource recycling costs Costs for waste treatment, water recycling use equipment, etc.	63	16	1,083	1,122
2. Upstream/downstream costs	Costs for used tire pulverization, reproduction solvents, etc.	-	9	175	73
3. Management costs	Costs for ISO14001 certification, personnel expenses for environment administrators, etc.	-	32	239	229
4. R&D costs	Costs for reduction in environmental loads, switching over to replacement raw materials, etc.	-	-	366	75
5. Social activity costs	Costs for creating the Environmental Report, greening, etc.	-	0.3	11	42
6. Environmental damage costs	Costs for imposition on pollution load volume, etc.	-	-	-	38
	Total	481	254	2,468	2,148

● Data Conforming to the Guideline 2005 by Ministry of the Environment. ● Depreciation of investment is included in costs. ● Initiatives that are redundant with other purposes are aggregated by the amount of difference after deducting other costs. ● When costs that are redundant with other purposes cannot be separated, the costs are proportionally divided and aggregated, considering the ratio of environmental purposes. ● For the R&D costs, development costs of environmental products or costs of activities for using replacement materials are allocated. ● The personnel expenses are calculated based on man-hours and average wage.

Our energy-saving and recycling activities have significant economic effects.

Thanks to introduction of cogeneration systems, energy-saving measures and earnings from sales of recycled products, we achieved an economic effect of 825 million yen (up by 75 million yen, or 9.4%, from the previous year's level) through environment protection measures. As a result, we also obtained a reduction of 4,563 tons-CO₂.

Economic Effect According to Environment Protection Measures

(unit: million yen)

Category	Major Initiatives	Amount of Benefits	
		2003	2004
I Cost reductions through energy conservation	Cogeneration, operations in summer holiday season	524	632
	Energy-saving activities	209	160
II Income from sales of recycled products	Internal recycling/internal sales of waste	21	33
		Total	754

Environmental Protection Effect

Segment	Index of Environmental Performance	Unit	2003	2004	Difference from Previous Year
Environmental protection effect related to environmental loads and waste that are discharged as a result of business activities	CO ₂ emission	1,000 tons-CO ₂	317	334	17
	PRTR substance emission	tons	849	649	-200
	PRTR substance transfer	tons	144	162	18
	Total amount of waste generated	1,000 tons	34.6	32.4	-2.2
	Final amount of waste disposed	1,000 tons	1.1	0.2	-0.9
	Total drainage volume	1,000 tons	3,420	3,610	190
	Water BOD	tons	11	8	-3
	Water COD	tons	16	16	0
	NO _x amount	tons	1,224	1,211	-13
	SO _x amount	tons	701	716	15
Environmental protection effect related to resources applied to business activities	Total energy applied	1,000 giga-J	5,896	6,264	368
	Electricity (purchased power + private generation)	1,000 giga-J	2,240	2,547	307
	Heavy oil + kerosene	1,000 giga-J	2,285	2,400	115
	Gas (city gas + LPG)	1,000 giga-J	123	132	9
	Others (coal + waste tire)	1,000 giga-J	1,248	1,199	-49
	Amount of water resources applied	1,000 tons	3,600	3,800	200
Environmental protection effect related to products and services calculated from business activities, and other environmental protection effects	Volume of recovered tires	tons	13,431	12,149	-1,282
	Amount of environment load substances emitted during transportation stages	tons-CO ₂	11,515	11,475	-40

Keeping Safety and Security in Mind

Each of us will act to create a socially responsible company.

As members of society, we want to deepen communication with people in the community. We consider it an important corporate activity to not only be involved in environmental protection and quality improvement, but also to have relationships with customers and communities. All employees are determined to keep working on social activities, aiming to be a company that creates vitality in society and delivers a smile to customers.

Observing Laws and Regulations and Responding to Customers

We are developing business activities while observing related laws and regulations in Japan and overseas.

We aim to perform safe and secure business activities while observing the various laws, regulations and standards to acquire customer and community satisfaction.

The Toyo Group develops its environment and quality management with a view to providing customers and communities with satisfactory levels of safety and security. From an environmental perspective, the Toyo Group maintains an extensive risk management structure. This approach includes the reduction or elimination of substances subject to regulation under environment-related laws through measures extending back to the earliest stages of its product development and design operations and business processes. It also encompasses

responses to unforeseeable contingencies, such as natural disasters, equipment failures and accidents. We had no violations of exceeding standards stipulated by laws, ordinances or agreements last year. Product quality is verified against reliability and safety standards at each major step in the development process, and only products that meet these standards reach the mass-production level. Products supplied to customers are tested and inspected at each stage of mass-production to ensure compliance with safety standards.

We give adequate and speedy responses when facing quality or environment-related problems.

System to Deal with Quality Problems

We make every possible effort to ensure quality. In the unlikely event of problems that cause inconvenience to customers, we act promptly based on the following procedures:

(1) Notification to the authorities in accordance with procedures specified by local laws of respective countries

(2) Notification to customers through newspaper advertisements, direct mail and in-store notices;

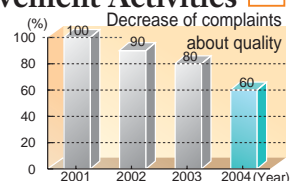
(3) Notification on web sites; and

(4) Recall of products and free repair of product (recall)

Responding to Complaints Concerning Environment or Quality, and Improvement Activities

Complaints from customers are received by dealers in Japan and overseas and by the Toyo Group's Customer Relations Office. The effectiveness of quality improvement activities has been reflected in a downward trend in the number of complaints

over the past four years (decrease by 40% from the 2001 level), and thus, the Kaizen activities are yielding results.



Leakage Accident of Mold-Releasing Agent

In September 2004, when handling containers filled with mold-releasing agent by using a forklift at the Hyogo Plant, the forklift toppled over. As a result, approximately 100 liters of agent flowed out from the drain outlet into the Kise River running next to the complex.

- (1) Notification to nearby residents and the administration
- (2) Collection of the effluent
- (3) Sampling and analysis of river water at four points
- (4) Report to the nearby residents and the administration
(Analysis value: Lower than the standard value)



Water interception device installed at the drain outlet



Similar measures are being developed and implemented at other manufacturing complexes, taking into account the lessons learned from this accident.

Since the agent flowed out from the rainwater ditch, as a permanent measure, we separated the rainwater route in the cargo handling area where the accident occurred and installed a water interception device at the drain outlet.

Efforts Concerning Human Rights and Employment

We are striving to realize workshops that are employee-friendly, even at the time of employment and in services.

The Toyo Group stands up for guarantees to its employees in accordance with various rules concerning labor and is working on disclosure of information to society.

Human Rights Education

The Toyo Group conducts education on human rights so that its employees can deepen their understanding of principles of respect for human rights and fully apply the spirit actually at their workshops. The education is carried out during training at the time of entry to the company, training according to appointment levels (newly appointed team leaders, assistant managers), and training according to executive levels (training for management level

employees), and developmental approaches are given on various subjects including "Information and Privacy", "Sexual Harassment", "Antidiscrimination Issues", "Human Rights of Children, Seniors Citizens and the Handicapped." As for antidiscrimination issues, we are positively participating in activities in areas where our local manufacturing complexes are located.

Sexual Harassment

Concerning sexual harassment, following the Law on Equal Employment Opportunity as amended in 1999, we executed activities to help employees to interpret the law and to develop the mental attitude of employees. Thereafter, we implemented awareness-

raising activities through educational programs by taking every possible opportunity, and severely prohibited such harassment as a disciplinable deed in the employment regulations, in order to prevent it.

Family-Care Leave

We formulated the "Family-Care Leave Regulation" in April 1994 and started introducing the regulation. Up until FY2004, the regulation was applied to 12 employees in total.

Child-Care Leave

We formulated the "Child-Care Leave Regulation" in April 1992 to support child-care leave of employees. Until FY2004, the regulation was applied to 48 persons in total. In addition, as a system to support child care, we approved staggered work hours and gliding work schedules for employees who do not take child-care leave, and many other systems such as taking a leave for nursing of preschool children, and limiting overtime work are being operated.

Adequate Management of Working Hour

The Toyo Group introduced the Working Hour Management System, which is interlinked with the PC of each employee. The system enables the company, the employee and his or her superior to grasp work hours including overtime in real time, thus ensuring the system to prevent health hazards caused by overwork. Further, schedules of flextime work, gliding schedules, compensatory day off, etc. are also systemized, which contribute to plan work schedules having greater latitude.

Efforts for Improving Workplace Environment

Following enforcement of the Health Promotion Law, separation of smoking areas is clearly defined at each manufacturing complex by providing smoking rooms.

Employment Status

To deal with expansion of businesses including globalization, and sophistication of expertise required, the Toyo Group employs human resources through versatile methods such as new recruits, intermediate recruitment, and reemployment of persons in retirement. We also started approaches to recruit the physically handicapped to realize employment exceeding the statutory employment rate.

Past Record of Group Employment

(unit: persons)

Age when Joined the Company	2002	2003	2004
-19	47	54	46
20-29	125	148	145
30-39	18	15	54
40-49	5	6	7
50-59	6	6	4
60-	6	4	5
Reemployment	47	71	52
Total	254	304	313

Relationships with Employees

We consider it the fast road to risk management to enhance the awareness of each individual employee.

Aiming to firmly establish and continue management for safety and health, we implement voluntary management activities for safety and health at each manufacturing complex. By conducting safety and health patrols in workshops by the top management to vitalize the safety and health activities, we are attempting to encourage awareness for safety. In addition, we execute necessary training by enhancing the risk management system so that we can take urgent measures in case of an earthquake, fire, wind or flood damage, etc.

Occupational Health & Safety and Accident Prevention Management Policy for FY2005

All employees will work to create safe, pleasant environments in which everyone can work with confidence, by complying with all rules relating to health and safety.

Safety Management

Hazardous work shall be eliminated through in-depth safety risk assessments.

Occupational Health Management

Healthy, comfortable workplaces shall be developed through the reinforcement of occupational health management.

Disaster Prevention Management

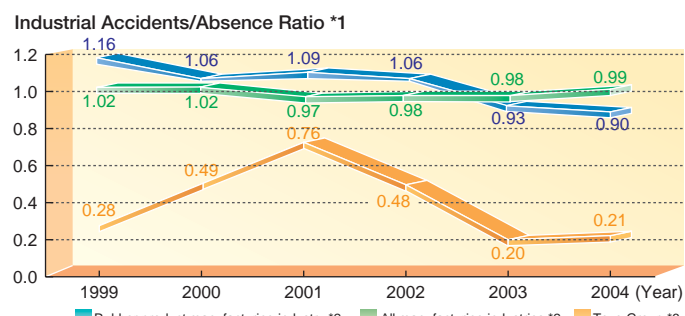
Fire prevention management systems shall be enhanced to eliminate fire.

Creating a work environment in which employees can work free from anxiety

Concerning safety activities, we will further enforce the risk assessments on equipment, work, etc. which are now continuously implemented. We are thus promoting a working environment in which employees can work free from anxiety.



Safety inspection of equipment



*1: Absence ratio = Number of accident-related absences/total hours worked x 106
*2: Figures for all manufacturing industries and for the rubber product manufacturing industry are based on data of the Ministry of Health, Labor and Welfare (Survey on Trends in Labor Accidents, updated results).
*3: Statistics for the Toyo Group are based on data for 18 sites including affiliated companies.

Enhancing risk management system by reviewing Action Manuals

The President's policy for the current term states, "CSR (corporate social responsibility), risk management, quality management and environment management are prerequisites of business management", and thus the importance of risk management was further strongly highlighted. Among the steps we are taking, we will review Action Manuals and further enhance emergency response training by creating knowledge

on how to prevent recurrence of disasters and how to minimizing damage. In addition, we will start establishing risk management systems and creating action manuals at overseas sites.



General life-saving lecture for acquiring, maintaining and improving life-saving skills

Taking measures to prevent accidents

As a disaster prevention activity, we executed an extraordinary inspection. To reduce danger from earthquakes, we are mainly reinforcing buildings and taking measures to prevent articles from falling.

Sendai Plant: Seismic analysis on mixing processes by consultants



Providing mental health care through lectures and meetings

As activities for health, we will develop mental health care, to prevent mental diseases that are increasing year by year, throughout the Toyo Group, thus promoting positive mental health at workplaces.

Lecture on "Mental Health at Workplaces"



Working on disaster drills at each site to enhance awareness

Disaster drill at Ayabe Toyo Rubber Co., Ltd



Disaster drill using a smoke tent at Fukushima Rubber Co., Ltd.



Emphasizing establishment of emergency response system

An emergency response organization has been organized under the new Risk Assessment and Management System.



Personnel Training

We are creating an environment in which employees can participate by their own will.

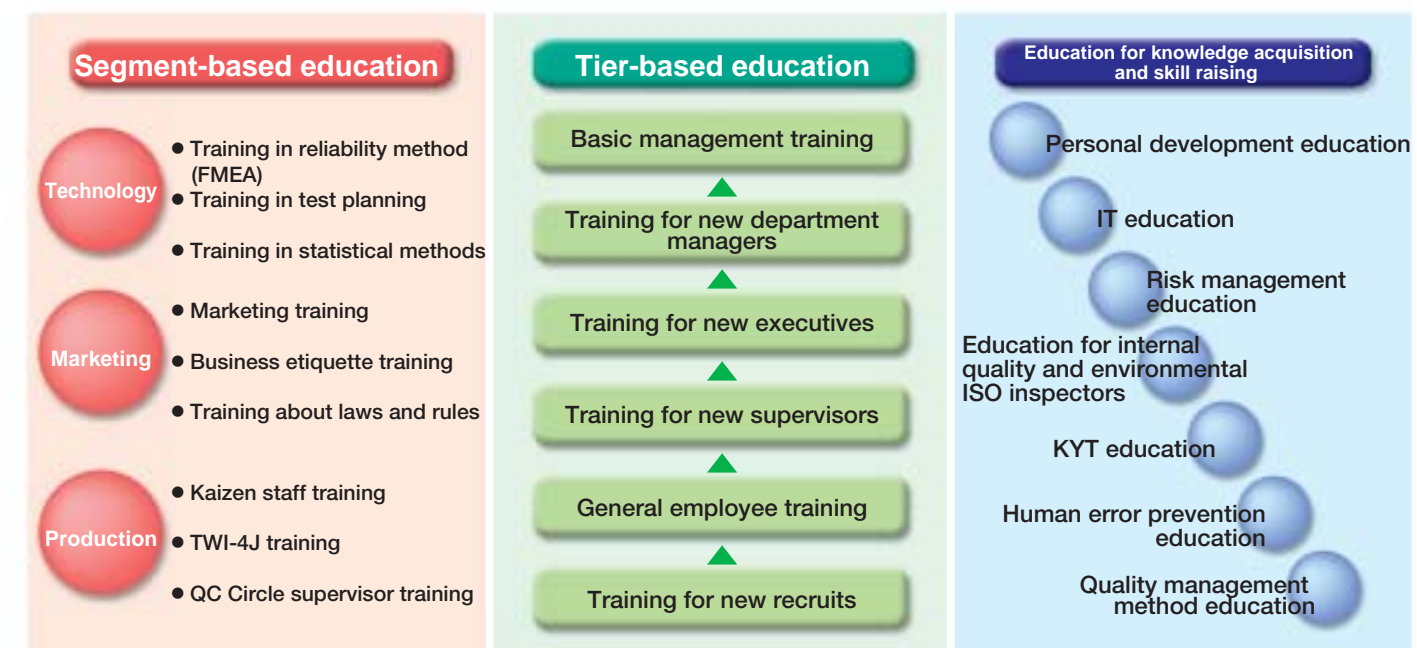
To further enhance our corporate approach to environmental protection and quality assurance, we are continually training and educating our staff.

Promoting efficient education for cultivating human resources through cooperation between the personnel department and other departments

Efforts to improve the awareness and knowledge of individual employees, from new recruits to senior management, about environmental protection and quality are vital to the consistent implementation of environmental protection and quality assurance systems throughout the Toyo Group. Educational

programs related to all departments for employees on each organizational tier are implemented through cooperation between the personnel department and related departments. We also implement segment-based education, knowledge acquisition and skill raising programs for each company.

Educational Structure



Training for new recruits



Group discussion in seminar for QC Circle leaders



Panel discussion in training for managers

Education through Intranet

We opened a page for checking understanding of environmental/quality issues and posted the latest subjects concerning environment and quality so that employees can learn them while taking a quiz.



Toyo New 5S Activities

We are working on improving workplaces with the awareness that each individual employee represents the company.

We are promoting the Toyo New 5S Activities, in which we determine priority activities unique to each department of production, sales, technology, and administration, aiming for thorough awareness raising and improved capability of all employees, for the purpose of enhancing field abilities through developing human resources.

Outline of the Toyo New 5S Activities

We are in an era in which accurate responses to globalization, social responsibilities and other issues are required. Against such a background, considering that we need actions that go back to basics, we are consistently working on our own activities based on conventional 5S activities, which are fundamental to all businesses. To strengthen the foundation for enhancing field

abilities by developing personnel intended for all employees through the 5S (Sorting, Setting in Order, Sweeping and Shining, Standardizing, and self-discipline) activities and further to increase the levels in the future, we developed the conventional 5S activities last year into the "Toyo New 5S Activities" in which priority activities are strengthened for each department.

Activities by Departments

Area of Activity	Production	Sales	Technology and Administration
Key Activity	TOYO TPM Activity	CS Improvement Activity	Operating Effectiveness Improvement Activity
Activity for Enhanced Field Ability	<ul style="list-style-type: none"> Participation by all employees Human resources education for expertise of facilities Maintenance of facilities 	<ul style="list-style-type: none"> Participation by all employees CS education to frontline sales persons Deployment of 5S to outside of the company 	<ul style="list-style-type: none"> Participation by all employees Mutual education through communication Arrangement/standardization helpful to work tasks

Evaluation Method of the Toyo New 5S Activities

To evaluate the activities, we appoint a person responsible for inspection and execute daily inspections as well as inspections by the top management of Toyo Tire and Rubber Co., Ltd. The 5S activities are carried out under the same evaluation standards throughout the company. For personnel development and priority activities, we evaluate them by establishing detailed check sheets for each department: production, sales, and technology and administration. Further, concerning safety, disaster prevention and environment, checks are made at the time of the Toyo New 5S inspection. In fiscal 2004, we inspected 11 domestic production sites, 5 technology and administration sites, 14 sales offices of sales companies and 1 overseas production site.

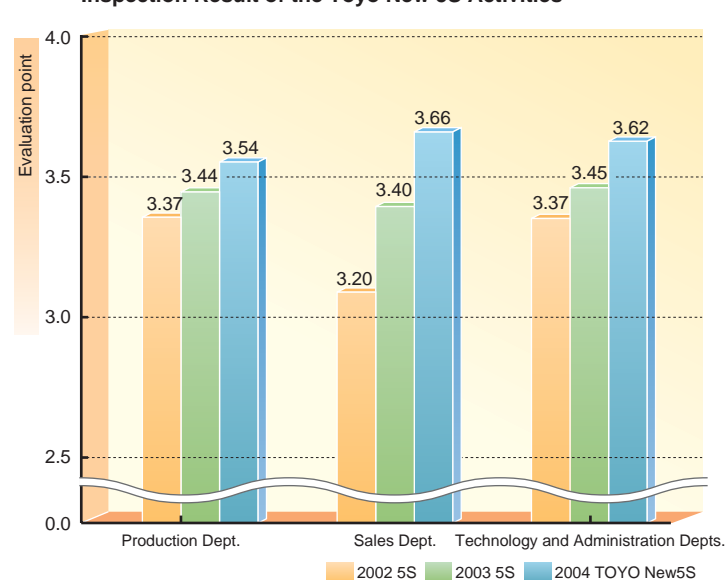
Outline of Inspection by Top Management

Persons responsible for verification	President, vice president and board members above managing directors
Persons responsible for execution at respective departments	Board members in charge of respective departments, or division managers
Persons in charge of execution at respective sites	Managers of sites
Cooperation between labor and management	Chairman and vice chairman of labor union cooperate to promote inspection activities.

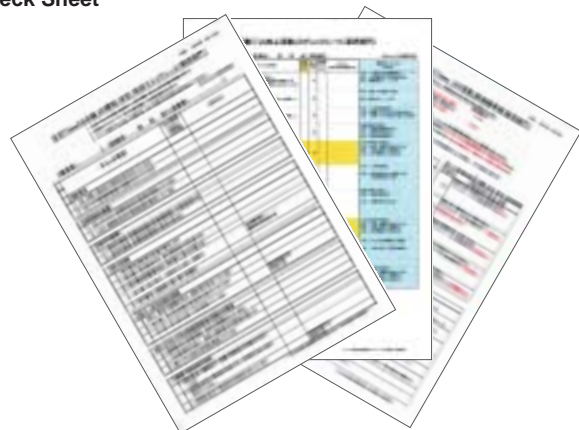
Transition of evaluation on the Toyo New 5S Activities

We set the evaluation method, while setting the lowest level to 1.0 and the perfect level to 5.0, so that inaction could be rated at around 2.5 and the almost completed status at around 3.8.

Inspection Result of the Toyo New 5S Activities



Check Sheet



Specific Activities

As we promote the Toyo New 5S Activities, we receive more compliments of "beautiful complexes complete with 5S" from visitors to manufacturing complexes, sales offices, etc. of the Toyo Group. Further, requests for 5S seminars are made by outside groups to persons responsible for promotion of the Activities. In

September this year, we presented a thesis on the subject "Toyo New 5S Activities and Enhancing Field Ability" at the International Conference on Quality 2005, and we reported our activities outside the company.



The President inspects a site.



Inspection of production site



Aesthetic inspection of a sales office



At a tire sales office, equipment for changing customer's tires is kept polished, and tools are kept in place, thus allowing them to be taken out easily.



The bulletin board is divided according to types of information, including "Company Policy", "Items related to 5S", "Items related to Disaster Prevention."



For document containers, management by unified label indication and coloration according to disposal years are clearly defined.



Positions of switches in the warehouse are broken down by colors to prevent turning on lights in unnecessary areas, thus promoting energy savings.

Living with Communities

We are trying to contribute to society by emphasizing direct communication with people in the community.

The Toyo Group provides opportunities for plant visits and various events at each manufacturing complex, thus contributing to local communities.

▶▶ Plant Visits/Acceptance of Practical Training

Each manufacturing complex provides opportunities to local schools, organizations and people to observe manufacturing processes and environmental activities.



An environmental class for junior high school students: Ayabe Toyo Rubber Co., Ltd.



Field trip for local elementary school students: T.G.K. Co., Ltd.



Acceptance of practical training for students: Hyogo Manufacturing Complex



Inami Eco-Seminar: Hyogo Manufacturing Complex

▶▶ Cleaning Activities in Local Areas

We periodically clean areas around our manufacturing complexes. We also promote communication with local residents by participating in the Citizens' Cleaning Day campaign and similar activities, together with the residents.



Cleaning of areas around the plant: Fukushima Rubber Co., Ltd.



Cleaning of areas around the plant: Toyo Soflan Co., Ltd.

▶▶ Flower and Greenery Shows

Every year the Sendai Plant hosts a popular "Flower and Greenery Show", which is an event to deepen communication with local residents. The event again attracted many visitors in the FY2004.



An event at the Sendai Plant



An event at the Sendai Plant

▶▶ Toyo Kuwana Festival

The Kuwana Plant hosts the Toyo Kuwana Festival as a chance to foster communication with local residents. In 2004, the festival attracted 1,900 visitors.



An event at the Kuwana Plant



A stage of the festival event

▶▶ Opening Up of Tennis Court to Public



Tennis court: Sendai Plant

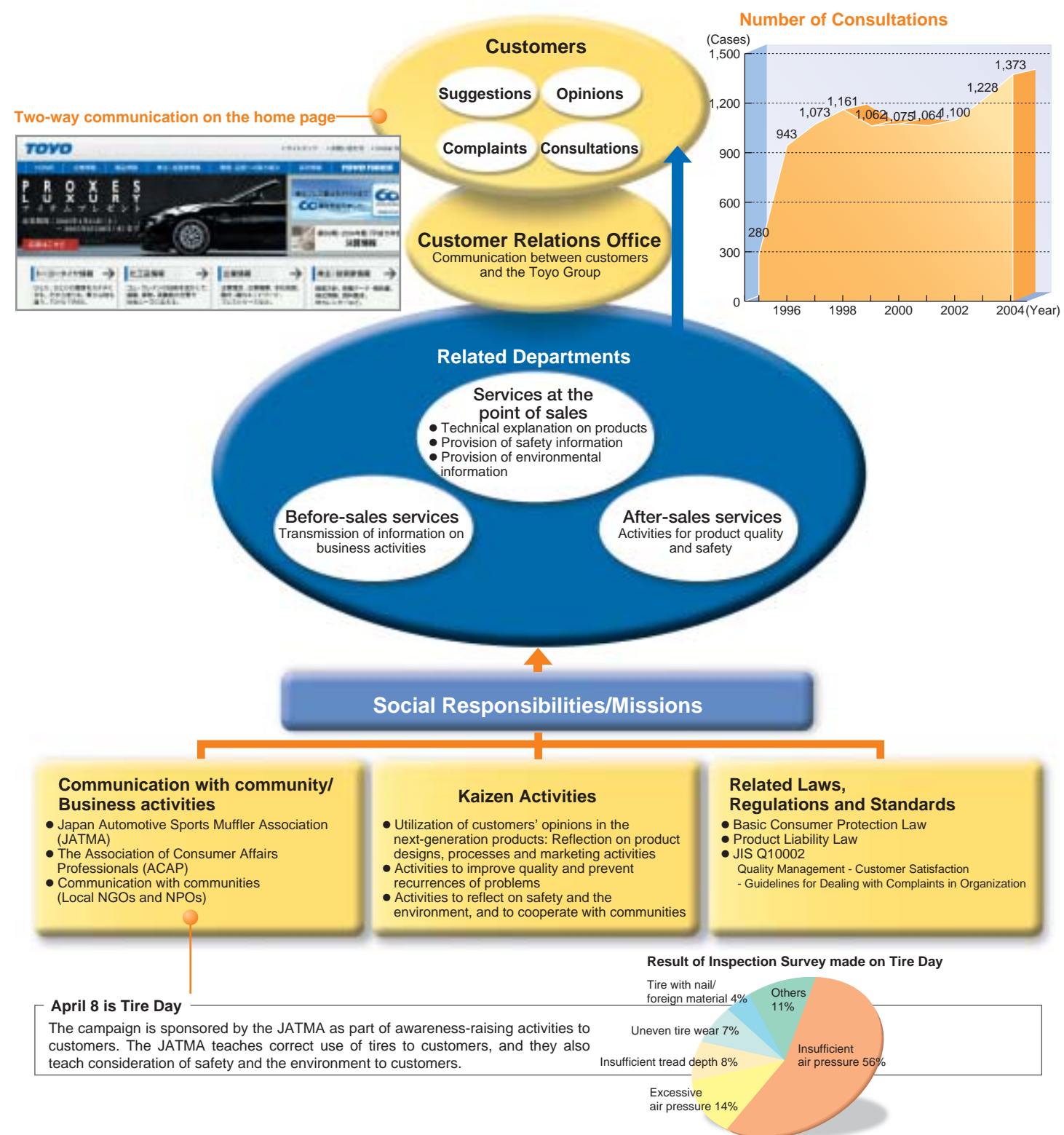
Customer Relations Office

We are working on making the company open to customers by enhancing the structure to deepen mutual understanding.

We respond not only to inquiries and consultations, but also conduct before-sales and after-sales services through telephone and the Internet.

Outline of Customer Relations Office Toll-free Number: 0070-800-310456

The Customer Relations Office was established following the introduction of the Product Liability Law in 1995. Its mission is to enhance capability to deal with inquiries and foster the "Toyo Fans." It is involved in activities to achieve customer satisfaction by providing accurate information on tire products, automotive rubber/urethane parts and industrial parts while empathizing with customers.



Toyo Group Environmental Protection Fund

The Environmental Protection Fund, which was established according to suggestions from employees, is now expanding the scope of its activities to foreign countries.



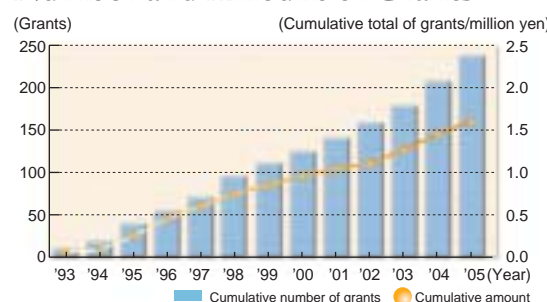
Arakawa Clean Aid Forum(NPO)
(Grant awarded in 2004)



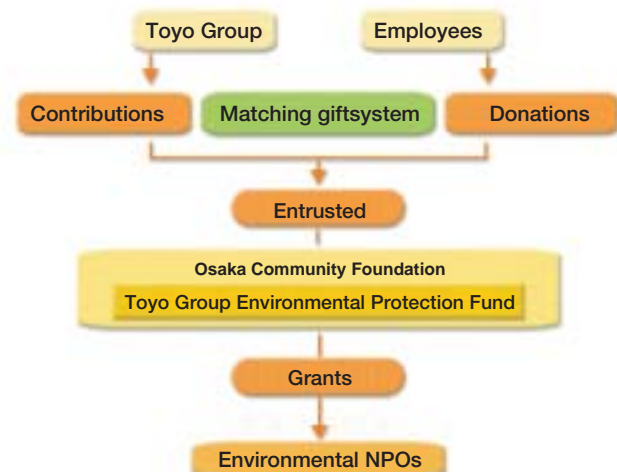
With the objective of contributing to solving environmental problems, the Toyo Group established the Toyo Environmental Protection Fund within the Osaka Community Foundation in 1992. Since then, the Fund has provided grants for non-profit organizations (NPOs, etc.) that are engaged in activities for protecting the global environment. The Fund, which was established based on suggestions from employees, grew out of the harmony between the environmental awareness of employees as private citizens, and a corporate philosophy that emphasizes consideration for the environment in the context of business activities. The Fund adopts a matching gift system, which has not yet become popular in Japan, whereby the Toyo Group matches donations from employees. The cumulative total of grants provided so far including those in fiscal 2005 has reached about 150 million yen.

Recently, the rate of participation by employees to the Fund exceeded 80%, which means that Toyo employees including those of the group companies agreed with the purpose of the Fund and participated in it. Against this background, we changed the name to the "Toyo Group Environment Protection Fund." In fiscal 2004, 29 organizations received grants amounting of 10.27 million yen in total, and in fiscal 2004, 30 organizations received grants amounting to 17.6 million yen.

Number and Amount of Grants



Flow of Grant



Osaka Community Foundation



Secretary Office Members

The Osaka Community Foundation provides social action programs that respond to various needs from communities by making the most of the generous donations from employees. We have been operating for 14 years, giving grants to various fields best reflecting donors' vision and that help social actions of enterprises and individuals. The number of grants has exceeded 160. Further, the number of grants to businesses contributing to public welfare that are mainly developed in Osaka Prefecture and its peripheral areas has reached almost 700.

The Fund contributes to various activities in Japan and overseas.



NPO: Kamuna Project (Grants awarded in 2004 and 2005)

The Project protects naturally-growing areas of reeds, one stalk of which is said to purify 2 tons of water per year, and activities to provide citizens and children with opportunities to learn about the water environment in the area by holding the "reed boat school" in which they manufacture reed boats by using reeds mowed down for making boat tours on river and sea. The school manufactured more than 40 boats of various sizes. The boats last about one year, and after use, they are used as compost or as housing for small animals.



NPO: Wildlife Research Society (Grant awarded in 2004)

The objective of the society is to investigate and study wildlife under the theme "People, Life and Nature", thus raising awareness of protection of the natural environment and human development. We published seven editions of books under the Four River Series, starting with "Living Muko River" (Fishes) up to "Living Yamato River", which are intended for elementary and junior-high school students. We donated about 32,000 books in total to schools located in the basins of the respective rivers for use during outdoor learning programs. We have 33 staff members and totally 2,164 people participated in activities during 2004.



Masayuki Imanishi,
Chairman of the Board

NPO: Kyoto Supporting Center of Education (Grant awarded in 2004)

The object of the Center is to rehabilitate into society young people who are refusing to attend school and to nurture people to think of the importance of environmental preservation and protection, by deepening mutual communication through such activities as maintaining and cleaning wooded areas together. They thin trees or replant trees that were uprooted by typhoons, mainly in wooded areas around Zuishin Temple, an old temple in Kyoto.



Sakenoko (Baby Salmon) Library (Grant awarded in 2005)

The Sakenoko Library was named in the hope of deepening the bond between parent and child, and between children and their hometown, following the fact that salmon are sure to return to their spawning grounds. During the initial stage of activities, we started to read folk stories for children. Starting in 1984, a project of releasing salmon into the Yura River was started as part of the project commemorating the graduation of local elementary school pupils. The project is now a customary event and the 21st release was carried out in March 2004. Now, we are working on publishing picture storybooks, which will be translated into the Chinese and Korean languages.



Yosuke Umehara,
Executive Director

Surikami River Clean-up Campaign Association (Grants awarded in 2004 and 2005)

The Association is organized by pupils, school personnel and guardians of Fukushima Municipal Amarume Elementary School and environmental advisors, and they work to protect the environment of the Surikami River. They also call for participation of local residents in addition to people related to the school and they develop activities involving wider areas. Further, they conduct environment patrols of the riverbed to clean discarded trash. They also work for environmental education of children by releasing young fish into the river for recovery of the Surikami River.



Beech Tree Planting Society (Grant awarded in 2004)

Beech trees prevent floods and mudslides and provide food for small animals, and they are very necessary for mountains in Japan. Major activities of the Society include planting and arboriculture of beech trees in Tajima District, and we have already planted 12,000 trees in total. In 2003, we found seeds of wild beech trees on Mt. Rokko, and we raised the seeds into nursery plants. We planted them and are growing them at the highest summit of Mt. Rokko. In the future, in addition to planting beech trees, we try to will develop rich forests including those in the mountain areas near villages.



Hitoshi Kuwata,
Chairman

The Margaret & Luke Pettit Environmental Preserve, Inc., Georgia, U.S.A. (Grant awarded in 2005)

The first full-scale grant to an overseas organization starts in 2005. We will grant money to an NPO holding activities for people-from children to adults-mainly for protection of rare living things and environmental protection in a 66-acre preserve in Bartow County, Georgia, U.S.A. The preserve has an 18-acre lake where the environment has not been polluted, and it is a treasury of wildlife including beaver, turtle, bass, catfish, wild turkey and mountain lions. The fund from the Toyo Group Environment Fund will be allocated to construction costs of the Learning Center, which allows studies from basic levels to higher levels through activities to be practiced by the organization in the preserve.



Kushiro-Shitugen Juku(Grant awarded in 2005)

When looking back at the history of Kushiro-Shitsugen, we know that the local residents have the historical pattern of "develop --> preserve --> use wisely" in their relationship with nature. Today, this is changed to the thinking "recover nature", which has been practiced. In Kushiro-Shitsugen, in particular, a project to return rivers that were made straight for flood control back into the original natural snaking shape has started. The Kushiro-Shitsugen Juku established in this region in 1995 will continue activities under the philosophy that we will have a new understanding of subjects including nature and living things, regional history, culture and climate, and will carry them on to the future generation in a better way.



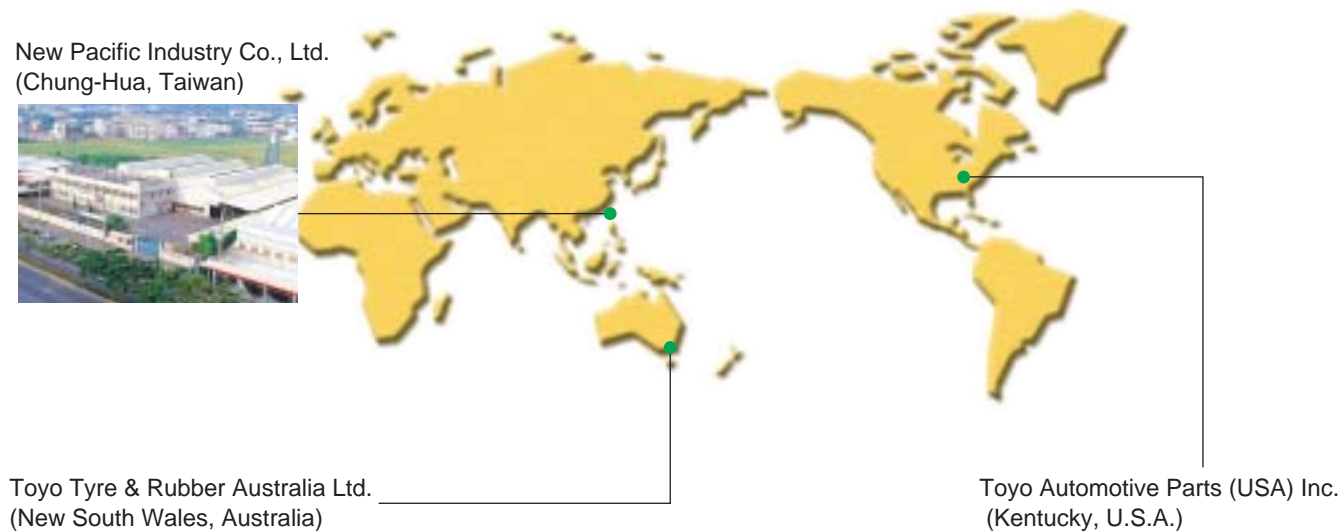
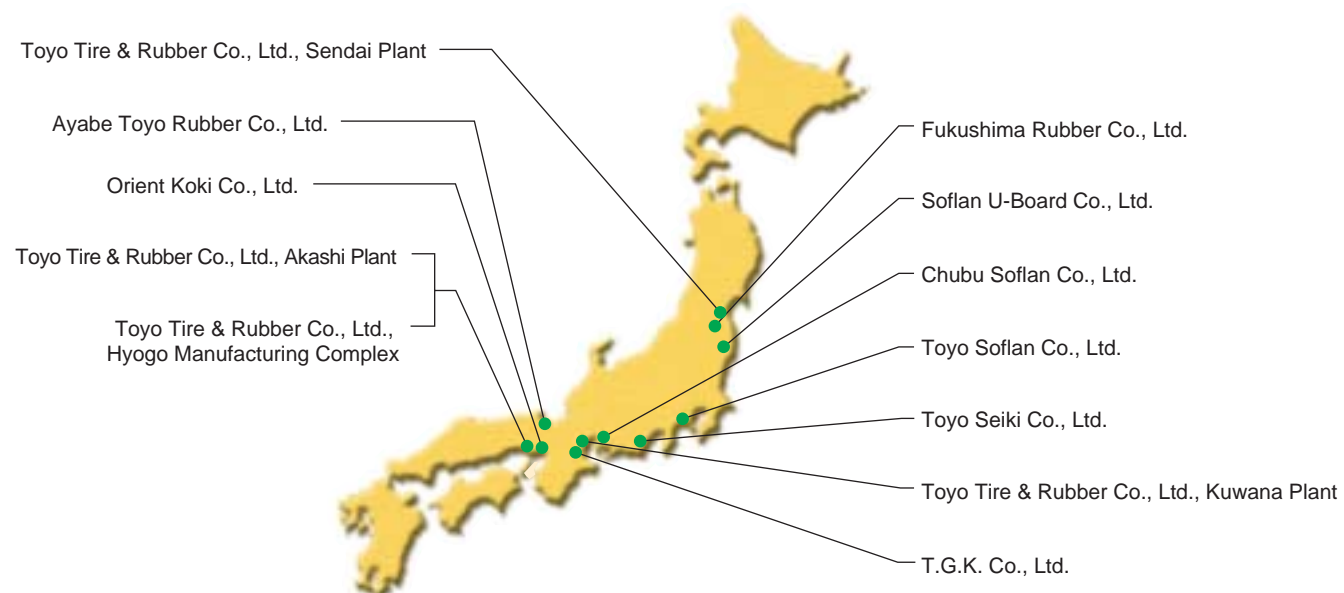
Nobutsugu Kuribayashi,
Chairman of Steering Committee



Data of Domestic and Overseas Affiliate Companies with the Same Philosophy as the Head Office

Environmental and quality management as well as environmental and quality performance have been firmly rooted in respective manufacturing sites which are points of production, and group companies, no matter whether such organizations are located in Japan or overseas countries. In particular, in overseas countries, we are developing manufacturing businesses under strict management system, considering environmental regulations that are different in each country. We want to expand the manufacturing circle of earth-friendly products, which the Toyo Group is promoting. This is the wish of all employees of the Toyo Group.

Data according to Manufacturing Complexes



Sendai Plant

Location : 3-5-1 Fukiage, Iwanuma City, Miyagi Prefecture
Phone : 81-223-22-2191
Products : Automotive tires
Site area : 217,150m² **Total floor area :** 118,378m²
Number of employees : 1,146



Plant Manager : Yūyou Fuchigami



Kuwana Plant

Location : 2400 Oaza Nagkagami, Toincho, Inabe-gun, Mie Prefecture
Phone : 81-594-86-0100
Products : Automotive tires and parts
Site area : 438,155m² **Total floor area :** 152,226m²
Number of employees : 980



Plant Manager, Tire Company : Yūichi Kozasa



Plant Manger, Automotive Company : Shūji Yoshimura



Air Pollution Measurements (Stack Gas Concentrations)

Facility	SOx (sulfur oxides)		NOx (nitrogen oxides)		Dust	
	Standard	Measured	Standard	Measured	Standard	Measured
Centralized smoke stack	11.5	0.94				0.06
Desulfurizer (No.1)	11.5	0.31				0.09
Desulfurizer (No.2)	11.5	0.54				0.09
Fuel oil boiler			150	135	0.25	0.08
Coal boiler			320	209	0.20	0.10

Water Contamination Measurements

Item	Standard	Maximum	Minimum	Average
PH	5.8-8.6	8.4	7.1	7.7
BOD	120	7.8	1.2	6.2
COD	120	9.3	4.9	6.3
SS	150	17	2	9
Fluorine	8	0.65	<0.15	0.2
Boron	10	0.20	<0.1	0.1
n-Hex(mineral)	5	0.80	0.50	0.7

PRTR Substances

Official No.	Substance	Amount Released (kg)		Amount Transferred (kg)	
		Atmosphere	Water	Waste	Sewer
63	Xylene	12,366	0	382	0
100	Cobalt and its compounds	0	0	170	0
115	N-Cyclohexyl-2-benzothiazolesulfenamide	0	0	9,180	0
198	Hexamethylenetetramine	0	0	360	0
227	Toluene	15,546	0	481	0
266	Phenol	1,126	0	35	0
282	N-(tert-Butyl)-2-benzothiazolesulfenamide	0	0	2,453	0

Orient Koki Co., Ltd.

Location : 3-6 Minami Takeya-cho, Amagasaki City, Hyogo Prefecture
Phone : 81-6-6412-0271
Products : Tire molds
Site area : 15,637m² **Total floor area :** 2,645m²
Number of employees : 161



President : Kiyoshi Nemoto



Air Pollution Measurements (Stack Gas Concentrations)

Facility	SOx (sulfur oxides)		NOx (nitrogen oxides)		Dust		Dioxins	
	Standard	Measured	Standard	Measured	Standard	Measured	Standard	Measured
No.1 fuel oil C boiler	6	4.53	160	158	0.11	0.055		
No.2 fuel oil C boiler	6	3.92	140	119	0.11	0.059		
No.1 diesel engine	6	4.55	850	842	0.08	0.021		
No.2 diesel engine	6	4.41	850	825	0.08	0.044		
No.1 fuel oil A boiler	6	0.39	160	100	0.11	0.004		
No.2 fuel oil A boiler	6	0.54	160	108	0.11	0.001		
No.6 fuel oil A boiler	6	0.43	160	96	0.11	<0.001		
Incinerator boiler	6	<0.1	140	100	0.11	0.001		
Incinerator boiler	6	<0.1	140	100	0.11	<0.001		
Incinerator boiler	6	0.62	160	157	0.11	0.069		
Incinerator (stack gas)							10	3.2
Incinerator (ash)							3	0.37

Water Contamination Measurements

Item	Standard	Maximum	Minimum	Average
PH	6-8	7.9	7.0	7.5
BOD	8	5.0	1.0	2.4
COD	8	7.0	2.0	4.8
SS	10	7.0	2.0	3.7
n-Hex(mineral)	1	0.7	0.2	0.4
Nitrogen	120	4.70	0.97	3.40
Phosphorus	16	1.20	0.24	0.70
Coliform bacteria	3,000	40	<10	<10

PRTR Substances

Official No.	Substance	Amount Released (kg)		Amount Transferred (kg)	
		Atmosphere	Water	Waste	Sewer
43	Ethylene glycol	0	0	0	0
44	Ethylene glycol monoethyl ether	3,654	0	0	0
59	p-Octylphenol	0	0	13	0
63	Xylene	77,348	0	8,594	0
100	Cobalt and its compounds	0	0	115	0
101	2-Ethoxyethyl acetate	7,883	0	0	0
115	N-Cyclohexyl-2-benzothiazolesulfenamide	0	0	2,161	0
159	Diphenylamine	0	0	5	0
179	Dioxins	11	0	38	0
198	Hexamethylenetetramine	0	0	216	0
227	Toluene	11,289	0	1,254	0
266	Phenol	1,328	0	0	0
282	N-(tert-Butyl)-2-benzothiazolesulfenamide	0	0	1,388	0
309	Poly (oxyethylene) nonylphenyl ether	0	0	6,255	0

Notes

Air pollutant measurements

- The measurements stated represent the highest recorded values.
- The standards shown are the most stringent ones in the relevant laws, ordinances and agreements.
- Units of measurement for the standard values:
 - NOx: ppm
 - SOx: m³N/h for Fukushima Rubber Co., Ltd. and Toyo Soflant Co., Ltd.; and K value for other sites.
 - Dust: g/h for Toyo Soflan Co., Ltd.; and g/m³N for other sites
 - Dioxins: ng-TEQ/m³N in stack gas
 - Burnt residue: ng-TEQ/g

Water Contamination measurements

- The standards shown are the most stringent ones in the relevant laws, ordinances and agreements.
- Units of measurement: mg/l (except for PH); coliform bacteria per/cm³
 - PH: Hydrogen ion density
 - BOD: Biochemical oxygen demand
 - COD: Chemical oxygen demand
 - SS: Concentration of suspended solids

PRTR substances

- Amounts are stated in kilograms (kg), rounded to the nearest whole number.
- The unit of measurement for dioxins is mg-TEQ/year (two significant digits).

Hyogo Manufacturing Complex



Akashi Plant



Complex Manager :
Seichi Ogawa



Hyogo Plant

Akashi Plant

Location : Rokubuichi 1183, Inami-cho, Kako-gun, Hyogo Prefecture
Phone : 81-794-95-1421

Products : Industrial rubber, polyurethane products, automotive parts
Site area : 84,240m² **Total floor area :** 23,998m² **Number of employees :** 443

Air Pollution Measurements (Stack Gas Concentrations)

Facility	SOx (sulfur oxides)		NOx (nitrogen oxides)		Dust	
	Standard	Measured	Standard	Measured	Standard	Measured
No. 1 boiler	3.5	0.55	250	130	0.30	0.009
No. 2 boiler	3.5	0.38	250	98	0.30	0.114
No. 3 boiler	1.75	0.05	250	52	0.30	<0.001
No. 4 boiler	1.75	0.04	180	62	0.30	0.002
No. 5 boiler	1.75	0.04	180	100	0.30	0.002
No. 6 boiler	1.75	0.03	180	94	0.30	0.004

Water Contamination Measurements

Item	Standard	Measured	Minimum	Average
PH	5.0-9.0	8.3	7.1	7.3
BOD	100	5.4	2	3.6
COD	100	5.5	2.6	4.4
SS	90	6.0	1.6	3.1
n-Hex (mineral)	5	1.8	<0.5	0.85
Nitrogen	120	7.4	3.2	4.8
Phosphorus	16	0.78	0.26	0.56
Coliform bacteria	3,000	400	11	162
Dichloromethane	0.2		<0.002	

PRTR Substances

Official No.	Substance	Amount Released (kg)		Amount Transferred (kg)	
		Atmosphere	Water	Waste	Sewer
43	Ethylene glycol	0	0	0	0
63	Xylene	3,955	0	0	0
120	3,3'-Dichloro-4,4'-diaminodiphenylmethane	0	0	0	0
132	1,1-Dichloro-1-fluoroethane; HCFC-141b	8,674	0	0	0
145	Dichloromethane; methylene dichloride	1,180	0	0	0
172	N,N-Dimethylformamide	18	0	1,734	0
177	Styrene	0	0	0	0
227	Toluene	22,058	0	0	0
230	Lead and its compounds	0	0	0	0
270	Di-n-butyl phthalate	0	0	0	0
272	Bis (2-ethylhexyl) phthalate	0	0	0	0
338	Methyl-1,3-phenylene diisocyanate; m-tolylene diisocyanate	0	0	0	0

Fukushima Rubber Co., Ltd.

Location : 28, Aza Domae, Miyashiro, Fukushima City, Fukushima Prefecture
Phone : 81-24-553-1356

Products : General industrial rubber products, automotive parts, waterproof sheets and liners, rigid polyurethane products
Site area : 62,733m² **Total floor area :** 30,202m² **Number of employees :** 348



President :
Shigeru Miwa



Air Pollution Measurements (Stack Gas Concentrations)

Facility	SOx (sulfur oxides)		NOx (nitrogen oxides)		Dust	
	Standard	Measured	Standard	Measured	Standard	Measured
No. 2 boiler	4.93	0.29	180	80	0.30	0.013
No. 3 boiler	8.78	1.31	250	120	0.30	0.016
No. 4 boiler	3.54	0.38	180	81	0.30	0.028
No. 5 boiler	3.68	0.48	180	71	0.30	0.045
Waste heat boiler	13.3	0.17	150	83	0.25	0.007

Water Contamination Measurements

Item	Standard	Measured	Minimum	Average
PH	5.6-8.6	7.6	7.3	7.4
BOD	25	4.7	<0.5	1.7
COD	40	5.0	2.3	3.4
SS	70	14.0	1.6	4.3
n-Hex (mineral)	5	<0.5	<0.5	<0.5
Coliform bacteria	3,000	110	0	17.9
Dichloromethane	0.2	<0.02	<0.02	<0.02
Thiram	0.06	<0.005	<0.005	<0.005

PRTR Substances

Official No.	Substance	Amount Released (kg)		Amount Transferred (kg)	
		Atmosphere	Water	Waste	Sewer
9	Bis (2-ethylhexyl) adipate	0	0	23	0
32	2-imidazolidinethione	0	0	0	0
115	N-Cyclohexyl-2-benzothiazolesulfenamide	0	0	75	0
132	1,1-Dichloro-1-fluoroethane; HCFC-141b	1,117	0	96	0
172	N,N-Dimethylformamide	3,322	0	23	0
227	Toluene	111,372	0	30,380	0
249	Zinc bis (N,N'-dimethyldithiocarbamate)	0	0	26	0
272	Bis (2-ethylhexyl) phthalate	0	0	44	0

Hyogo Plant

Location : Rokubuichi 1176, Inami-cho, Kako-gun, Hyogo Prefecture
Phone : 81-794-92-2222

Products : Polyurethane products, automotive parts, plastic products
Site area : 49,127m² **Total floor area :** 15,095m² **Number of employees :** 316

Air Pollution Measurements (Stack Gas Concentrations)

Facility	SOx (sulfur oxides)		NOx (nitrogen oxides)		Dust	
	Standard	Measured	Standard	Measured	Standard	Measured
No. 1 boiler	1.75	0.50	180	92	0.30	0.002
No. 2 boiler	1.75	0.28	180	60	0.30	0.002
No. 3 boiler	1.75	0.42	180	78	0.30	0.008

Water Contamination Measurements

Item	Standard	Measured	Minimum	Average
PH	5.0-9.0	8.5	6.8	7.4
BOD	100	39.0	0.6	9.9
COD	100	36.0	0.5	10.3
SS	90	25.0	1.0	11.2
n-Hex (mineral)	5	2.2	0.5	0.9
Nitrogen	120	120	0.5	17.4
Phosphorus	16	9.6	0.05	1.4
Dichloromethane	0.2	0.02	0.02	0.02

PRTR Substances

Official No.	Substance	Amount Released (kg)		Amount Transferred (kg)	
		Atmosphere	Water	Waste	Sewer
43	Ethylene glycol	0	0	0	0
145	Dichloromethane; methylene dichloride	116,594	0	7,966	0
272	Bis (2-ethylhexyl) phthalate	0	0	0	0
338	Methyl-1,3-phenylene diisocyanate; m-tolylene diisocyanate	1	0	8,602	0

Ayabe Toyo Rubber Co., Ltd.

Location : 115, Kuri-cho, Sawa, Ayabe City, Kyoto Prefecture
Phone : 81-773-48-0001

Products : Polyurethane products, plastic products
Site area : 38,236m² **Total floor area :** 6,031m² **Number of employees :** 94



President :
Kenji Tanaka



Air Pollution Measurements (Stack Gas Concentrations)

Facility	SOx (sulfur oxides)		NOx (nitrogen oxides)		Dust	
	Standard	Measured	Standard	Measured	Standard	Measured
No. 1 boiler	11.5	0.48	—	78	0.30	0.005
No. 2 boiler	11.5	0.40	—	70	0.30	0.008
No. 3 boiler	11.5	0.30	—	71	0.30	0.025

Water Contamination Measurements

Item	Standard	Maximum	Minimum	Average
PH	5.8-8.6	6.9	6.7	6.8
BOD	25	3	2	2.5
COD	120	5	2	3.5
SS	90	2	<1	1.5
n-Hex (mineral)	1	<1	<1	<1
Dichloromethane	0.04	<0.01	<0.01	<0.01

PRTR Substances

Official No.	Substance	Amount Released (kg)		Amount Transferred (kg)	
		Atmosphere	Water	Waste	Sewer
9	Bis (2-ethylhexyl) adipate	0	0	615	0
30	Bisphenol A type epoxy resin (liquid)	0	0	0	0
120	3,3'-Dichloro-4,4'-diaminodiphenylmethane	0	0	0	0
230	Lead and its compounds	0	0	121	0
272	Bis (2-ethylhexyl) phthalate	0	0	8,187	0

Soflan U-Board Co., Ltd.

Location : 31-9, Aza Takada-cho, Onahamajima, Iwaki City, Fukushima Prefecture
Phone : 81-246-58-7261

Products : Polyurethane products
Site area : 10,597m² **Total floor area :** 5,490m² **Number of employees :** 22



President :
Yasuo Annzai



PRTR Substances

Official No.	Substance	Amount Released (kg)		Amount Transferred (kg)	
		Atmosphere	Water	Waste	Sewer
132	1,1-Dichloro-1-fluoroethane; HCFC-141b	1,108	0	539	0

Chubu Soflan Co., Ltd.

Location : 3 Syogayama, Uchikoshi, Miyoshi-cho, Nishikamo-gun, Aichi Prefecture
Phone : 81-561-34-2711

Products : Automotive parts, plastic products, Polyurethane products
Site area : 31,080m² **Total floor area :** 22,415m² **Number of employees :** 277



President :
Ichiro Saito



Air Pollution Measurements (Stack Gas Concentrations)

Facility	NOx (nitrogen oxides)		NOx (nitrogen oxides)		Dioxins	
	Standard	Measured	Standard	Measured	Standard	Measured
No. 1 boiler	150	64	0.10	0.002		
No. 2 boiler	150	59	0.10	0.002		
No. 3 boiler	150	69	0.10	0.002		
No. 4 boiler	150	60	0.10	0.002		
No. 5 boiler	150	63	0.10	0.002		
Incinerator (stack gas)					10	3.4
Incinerator (ash)					3	0.46

Water Contamination Measurements

Item	Standard	Maximum	Minimum	Average
PH	5.8-8.6	7.3	6.7	7.0
BOD	160	40.9	4.9	22.9
COD	160	35.8	20.3	28.1
SS	200	8.3	6.3	7.3
n-Hex (mineral)	5	1.3	0.4	0.85
Nitrogen	120	93.8	4.1	49.0
Phosphorus	16	9.3	0.2	4.8
Coliform bacteria	3,000	<30	<30	<30
Dichloromethane	0.2	<0.02	<0.02	<0.02

PRTR Substances

Official No.	Substance	Amount Released (kg)		Amount Transferred (kg)	
		Atmosphere	Water	Waste	Sewer
40	Ethylbenzene	5,269	0	289	0
43	Ethylene glycol	0	0	0	0
63	Xylene	17,978	0	826	0
101	2-Ethoxyethyl acetate	10,455	0	372	0
179	Dioxins	28	0	2.8	0
224	1,3,5-Trimethylbenzene	22,984	0	372	0
227	Toluene	15,638	0	992	0
272	Bis (2-ethylhexyl) phthalate	0	0	1,170	0
338	Methyl-1,3-phenylene diisocyanate; m-tolylene diisocyanate	2	0	2,720	0
352	Tris (2-chloroethyl) phosphate	0	0	16	0

Toyo Seiki Co., Ltd.

Location : 878 Nunobikihara, Makinohara City, Shizuoka Prefecture
Phone : 81-548-27-2234

Products : Automotive parts
Site area : 5,909m² **Total floor area :** 3,459m² **Number of employees :** 35



President :
Yutaka Shimizu



Toyo Soflan Co., Ltd.

Location : 982 Kaneda, Atsugi City, Kanagawa Prefecture
Phone : 81-46-222-4011

Products : Polyurethane

Toyo Tyre & Rubber Australia Ltd.(TAL)

Whereabouts country : Australia
Establishment TAL :1975 Minto factory :1975
 Enfield factory :1986 Sunshine factory :1992
The capital : A\$15,000,000
Sales : A\$106.7M
Number of employees : 277
Production item : Automotive Parts,Instrument Panels



Managing Director of TAL: Isamu Kondo
 General Manager-Rubber & Automotive Parts Division: Roger Monahan
 Enfield General Manager: David Perrin
 Sunshine General Manager: Ian Bawden
 Minto General Manager: Bruce Monahan

Comment on Toyo's Environmental Activities by the President

"There are strict regulations on environmental issues in Australia, and they give extra consideration to atmospheric and water pollution. No construction approval is given unless we clear all such regulations."

Acquisition plan of ISO:Scheduled in March 2006



TAL Co-ordinator for 5S and EMS (ISO14001): Ferhun Emeksiz



TAL Head Office & Enfield factory
 Sunshine factory office



Minto factory

Content of Environmental Approach

- ① Classification of waste
- ② Control of Chemicals
- ③ Use of Energy & CO2 emissions
- ④ Water usage
- ⑤ Emergency Situations

Environmental Education

We will initiate environmental education starting in June 2005 toward acquisition of ISO14001 certification in March 2006.

Environmental activity



Fresh air is supplied by the duct at the AP-IP factory for the working environment maintenance.

Environmental burden data

Amount of electric use (Crude petroleum conversion)	2,256kℓ
A Crude petroleum (Crude petroleum conversion)	12kℓ
LPG (Crude petroleum conversion)	58kℓ
Amount of water use	14,768t
Amount of waste generation	1,582t
CO2 Amount of exhaust	2,975t-CO2

Note) CO2 emission: Calculation is made on the CO2 emission coefficient that Toyo Rubber uses at production bases in Japan.

Environmental law in Australia

"In Australia, bylaws concerning environmental protection, etc. are mainly administered by respective states. This means areas that are controlled by the states extensive, covering issues on: pollution; land utilization programs; conservation of nature; administration of coasts and rivers; agriculture; forestry and fisheries; road traffic; healthcare, education, etc., and measures for environmental preservation are supposed to be carried out while complying with requirements stipulated by respective states.TAL has to comply with the following acts in states: NSW - Protection Of the Environment Operations Acts 1997, VIC - Environment Protection Act 1970."

Environmental Quality Standards Administered by TAL

"Toward acquisition of the ISO14001 certification, we will stipulate specific management standard levels of the Plant in the latter half of 2005."

Toyo Automotive Parts (USA) Inc. (TAP)

Whereabouts country : The United States
Establishment : 2001
The capital : 21 Million US Dollars
Sales : 39.3 Million US Dollars
Number of employees : 178
Production item : Vibration Dampening Automotive Parts
 ISO14001 Attestation day "September 2004"



President: Takeo Iwai
 Plant Manager: Kirby Mynhier

Comment on ISO14001 acquisition

"Toyo Automotive Parts (USA), Inc. has taken a serious approach to conserving and protecting our environment. We sought ISO 14001 registration which provided the foundation and network to implement effective environmental programs.Even though the certification is less than one year in maturity, TAP has developed several programs to minimize the effect our operations have on the environment. These include waste characterization and management, recycling of materials, waste water treatment, and capture of volatile compounds that result from the painting processes. We have also adopted several key environmental plans.These include the Spill Prevention, Control, and Countermeasure Plan, the Storm Water Pollution Prevention and Groundwater Protection Plan. and the Hazardous Waste Contingency Plan. TAP has developed a thorough Emergency



ISO14001 Recognition certificate
 Factory panorama

Response Plan in order to effectively counteract emergencies. TAP monitors and measures several key measurables which provides an overview of our environmental performance. We strive to continuously improve and further reduce the environmental impact our organization creates."

Content of Environmental Approach

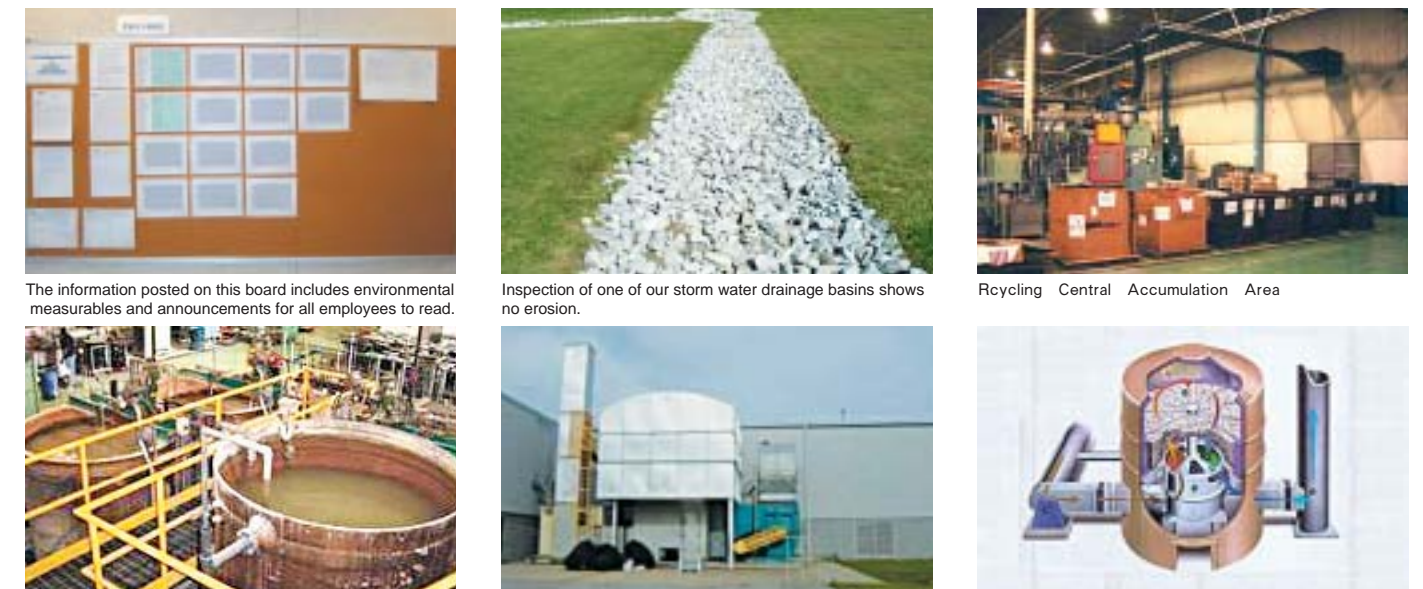
"As a first step of our environmental protection activities, we are tackling recycling of renewable wastes including office papers, cardboards, rubber materials, iron and aluminum."

Environmental burden data

Amount of electric use (Crude petroleum conversion)	2,405kℓ
Natural gas (Crude petroleum conversion)	1,387kℓ
LPG (Crude petroleum conversion)	17kℓ
Amount of water use	12,000t
Amount of waste generation	625t
CO2 Amount of exhaust	9,718t-CO2

Note) CO2 emission: Calculation is made on the CO2 emission coefficient that Toyo Rubber uses at production bases in Japan.

Photograph of environmental match



The information posted on this board includes environmental measurables and announcements for all employees to read.

Inspection of one of our storm water drainage basins shows no erosion.

Recycling Central Accumulation Area

Sewage treatment unit

Exhaust processor

Exhaust processor

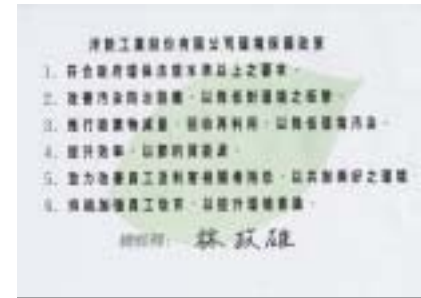
New Pacific Industry Co., Ltd.

Whereabouts country : Taiwan
Establishment: 1987
The capital : 100 Million NT Dollars
Sales : 472 Million NT Dollars
Number of employees: 102
Products item : Automotive parts
Acquisition of ISO 14001 Certificate : August 2000



President:
Masao Hayashi

Plant Manager:
Kao Chui-Piao



President's Comment on ISO 14001 Acquisition

We will promote management focusing on the environment and execute our social responsibilities.

Plant Manager's Comment on ISO 14001 Acquisition

We will set a personal example to manifest interest in the Global Village.

Content of Environmental Approach

We at New Pacific started the "Voluntary Environment Improvement Activities" as directed by Kuozui Motors, Ltd. We will achieve reduction of waste by 30% from the 2005 level during the period from 2005 to 2007.

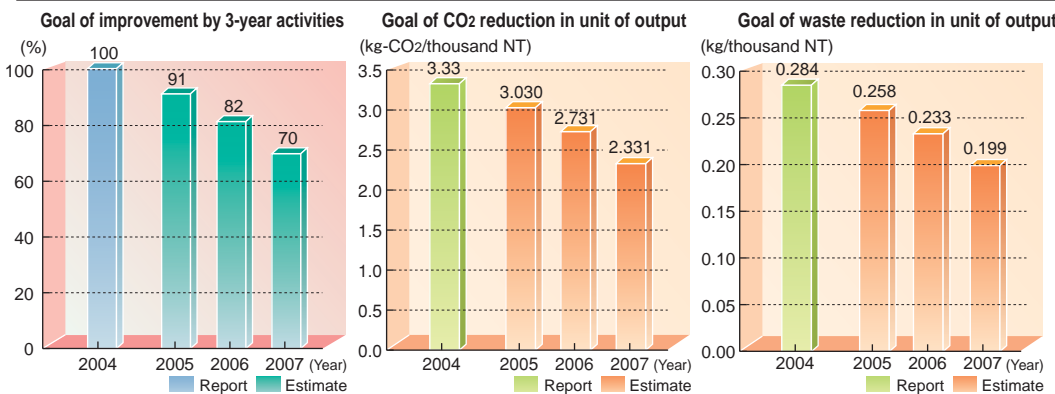
Environmental Burden Data

Electricity consumption (crude oil equivalent)	892kl
Fuel (crude oil equivalent)	179kl
Water consumption	10,800t
Amount of waste generated	312t
CO2 emission *	1,608t-CO2

* CO2 emission is calculated based on the CO2 emission coefficient, which is used by the Toyo Group for its domestic manufacturing sites.

Three-Year Objective of Voluntary Environment Improvement Activities by New Pacific

2005	Reduction of CO2 and waste by 9% in unit of output from the 2004 level
2006	Reduction of CO2 and waste by 18% in unit of output from the 2004 level
2007	Reduction of CO2 and waste by 30% in unit of output from the 2004 level



Waste Solvent Collecting Machine
Collected solvents are reused for cleansing painting hangers.

Activities and Facilities

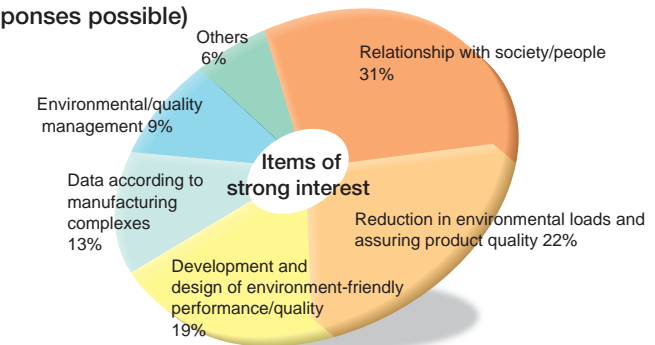


Education ISO 14001 screening Road cleaning 5S inspection Emergency drill: 1 Emergency drill: 2 Emergency drill: 3 Emergency drill: 4

Summary of Questionnaire Results

We received thirty-two responses from readers of the 2004 Environmental and Quality Report.

Items of strong interest (multiple responses possible)



Opinions and Views on Environmental/Quality Activities

- I want the company to further promote development/design of environment-friendly products.
- I like that the top management promotes the activities while fusing the quality and the environmental aspect together.
- The company has its unique fund granting system to environment conservation groups.
- I evaluate the company stance to disclose the specific number of responses to complaints.

Opinions and Views on the Environmental/Quality Report

- The report was quite understandable because it is colorful and contains many photos.
- I felt the content is a little boring.

We will take these opinions and views into account in future reports. We thank readers for their cooperation.

Editorial Policy for the Environmental, Quality and Social Report 2005

The Toyo Group aims to contribute to society by working under its management vision for the 21st century to create a more comfortable environment by providing customer-satisfying products in each business field. This time, particular importance is placed on society in terms of relationships with conventional society and people, disclosure of information and two-way communication, in addition to the activities during previous year in which activities for environmental promotion and quality assurance were fused together. As a result, we changed the title to the "Environmental, Quality and Social Report 2005." Care was taken over the following aspects in the compilation of this report:

1. We made headings larger so that readers can better understand the point in respective sections.
2. We added data and information on three overseas manufacturing complexes in the section "Site Report", aiming for more global disclosure of information.
3. To give priority to understandability, we highlighted the visual aspects, and visibility of graphs was taken into consideration. Also, we used as many photos as possible

Publication date

September 2005 (We plan to publish the next report around August 2006.)

Contact Address

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