



Moving ahead with environmental management

Aiming at becoming a company that pursues harmonious coexistence with nature and local communities, Tokai Rika promotes environmental management by implementing a comprehensive environmental management system.

Environmental Management

Tokai Rika encourages its subsidiaries and affiliates to obtain ISO14001 certification, an international standard for environmental management systems, and it is actively involved in upgrading its environmental management system throughout the company. It also conducts periodic audits to confirm that operating conditions are suitable.

● Organization for environmental activities

Under the Companywide Environmental Committee chaired by its President, Tokai Rika has installed environmental committees classified by plants and functions, as well as a functional action system. In February 2005, moreover, a project system was completed so that environmental activities can be carried out even more promptly.

Companywide Environmental Committee

Chairperson: Kiyoshi Kinoshita, President and Director
 Management Representative: Yasuhiro Miyake, Executive Director
 Committee members: Corporate Chairman, Executive Vice President, Auditor, Chairman and Vice-Chairman of each environmental committee

Companywide Environmental Committee Secretariat

Headquarters and Plant Environmental Committee

Product Development Environmental Committee

Production Environmental Committee

Green Procurement Committee

Overseas Business Units Environmental Liaison Meeting

(revised in June 2005)

● Appropriate administration of management system

Tokai Rika has acquired ISO14001 certification for all its domestic plants and sales offices and 11 out of 15 overseas businesses. In 2004, ISO14001 certification was obtained for TRCZ (Czech) and in May 2005 for TRBR (Brazil). In addition, the results of external reviews in 2004 identified four points requiring observation, which were immediately corrected.

■ Conditions for acquiring ISO14001 certification

		Business places scheduled to obtain certification
Domestic plants	Headquarters and headquarters plant, Nishibiwajima Plant, Toyota Plant, Otowa and Hagi Plants	TRCT (China) scheduled to obtain certification in 2006
Domestic sales office	Tokyo, Osaka, Hiroshima	TSB (Thailand) scheduled to obtain certification in 2006
Asian region	Rika-Kogyo (Taiwan), TRP, Inc. (Philippines), TRT (Thailand)	TRCW (China) scheduled to obtain certification in 2007 TRCF (China) scheduled to obtain certification in 2007
American region	TRAM, Inc. (USA); TRMI, Inc. (USA); TAC Manufacturing, Inc. (USA); TRIN, Inc. (USA), QSS (Canada); TRBR (Brazil, acquired in May 2005)	
European region	TRB (UK); TRCZ (Czech)	

*Colored names indicate business places that acquired certification in 2004.

Environmental action plan

Main activities	Status of achievement in 2004	Main activities	Status of achievement in 2004
1 Completion of environmental management Completion and expansion of overall environmental management (development to delivery)	<ul style="list-style-type: none"> ISO14001 surveillance examination (5 plants/3 sales offices) simultaneous examination Nonconformity not pointed out Four points requiring observation 	6 Approach to product development Cooperate with customers and move ahead with product development that puts a smaller burden on the environment	<ul style="list-style-type: none"> IMDS data entries that correspond to automobile recycling law. Continuation of replacement activities of chemical substances subject to total abolition
2 Dissemination of regulatory compliance Uncompromising pollution prevention and preventive measures	<ul style="list-style-type: none"> Continuation of periodic evaluation of regulatory compliance condition Research and action on legal regulations 	7 Streamlining of logistics Reduction of CO ₂ emissions in logistics and promotion of resources saving	<ul style="list-style-type: none"> CO₂ emissions in transportation process: 1,417t-CO₂ Amount of packing and packaging materials consumed: 294t
3 Prevention of global warming Reducing green house gas emissions	<ul style="list-style-type: none"> CO₂ emission: 70,389 t-CO₂ (exceeded target by 13.9%) Companywide private power generation rate: 16.18% High-efficiency large-capacity cogeneration system introduced at Otowa Plant 	8 Deployment to subsidiaries Consolidated environmental actions taken as part of Groupwide activities	<ul style="list-style-type: none"> Number of ISO14001-certified overseas subsidiaries: 11 out of 15 companies Implementation of Eco-factory Activities in newly constructed plants Implementation of global auditing
4 Control and reduction of substances that put a burden on the environment Self-steering reduction of substances that put a burden on the environment	<ul style="list-style-type: none"> Emission of substances subject to PRTR: 16.2t Investigation and report of banned substances to use at customers 	9 Cooperation with suppliers Environmental cooperation with suppliers and green procurement	<ul style="list-style-type: none"> Number of ISO14001-certified companies: 25 companies Green procurement guidelines are posted on company Web site
5 Reducing waste and saving resources Promotion of waste reduction and resource-saving activities aiming at zero emissions	<ul style="list-style-type: none"> Amount of direct landfill waste: 10.4t (achieved 2002 zero-emission target) Amount of intermediately processed waste: 579t Total production of unused articles: 13,701t Amount of paper resources consumed: 17,570,000 sheets Continuation and reinforcement of zero-emission measures 	10 Publicity, educational campaigns, and social contribution activities Disclosure of environment-related information and promotion of cooperative activities with communities	<ul style="list-style-type: none"> Implementation of community-based environmental activities and roundtable conferences Completion of environmental report

Environmental Accounting

In 2004, costs related to global environmental preservation, administration activities, and social activities increased, whereas costs related to the circulation of resources and research and development decreased. This is attributed to increased investment in promoting the introduction of cogeneration systems and energy

savings, as well as to saving on new investment in resource circulation because of zero-emission targets that were achieved. In the future, we will focus on optimizing cost effectiveness in line with the "Environmental Accounting Guidelines (2005 Edition)" published by the Ministry of Environment.

Data File P1

Actual results of environmental accounting totals

Items	Description of main approaches		(million yen)	
			Invested amount	Expenses
1) Business-related costs	Pollution prevention	Investment and expenses required for pollution prevention (air, water, noise, etc.)	60.2	217.3
	Global environmental conservation	Investment and expenses required for prevention of global warming	665.5	265.5
	Resources circulation	Investment and expenses required for treating, reducing, and recycling wastes	31.0	189.9
2) Upstream and downstream costs	Cost differentials resulting from purchasing products, fuel, and raw materials that put a smaller burden on the environment		0	0
3) Cost of management activities	Investment and expenses required for building up and operating the environmental management system and monitoring and measuring environmental loads		6.3	289.8
4) R&D costs	Investment and expenses required for research and development of products that contribute to environmental conservation		57.3	93.8
5) Cost of social activities	Expenses required for environment improvement measures such as natural protection, treeplanting, landscaping, etc.		222.0	27.5
6) Environmental damage cost	Environmental contamination remedial costs and insurance premiums and other expenses related to environmental damage		0	16.1
		Sub-total	1042.3	1099.9
		Total	2,142.3	

Concept of environmental accounting

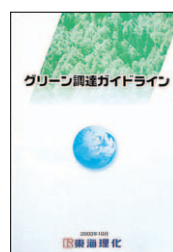
The environmental cost is grasped and aggregated on the payment base when the cost is generated. Consequently, capital investment is grasped as investment amount and no depreciation cost is posted. Costs of activities implemented together with purposes other than environment are proportionally divided and posted. Economic effects resulting from environmental conservation activities are posted by 3 items whose cost reduction amount can be definitely grasped in each year.

*For amount of energy-saving effects, improved amount based on consumption rate was posted in comparison with the previous year.

*Because each numerical value is rounded, the value obtained by adding individually may differ from the total amount.

Companywide application of green procurement guidelines

Based on the "green procurement guidelines" we formulated in 2003, we have instilled the idea of green procurement throughout our company. In particular, we review the contents of requests to suppliers in accordance with newly established in-house regulations. We also post green procurement guidelines on our Web site so that suppliers can understand our corporate regulations.



Green procurement guidelines



<http://www.tokai-rika.co.jp/supply/index.html>

Suppliers can access materials and data regarding Tokai Rika's green procurement via the Internet.