

NICHIYU ENVIRONMENTAL REPORT

2006



NIPPON YUSOKI CO., LTD.

Message from the President



Toshihiko Uratsuji

President

裏辻 俊彦

On the Publication of the 2006 Nichiyu Environmental Report

One of the most important challenges facing us in this century is the need to address global environmental issues and contribute to the emergence of a sustainable society. In the logistics industry, the field in which Nichiyu operates, our responsibilities are spelled out in revisions to the Law Concerning the Rational Use of Energy and the Law Concerning the Promotion of Measures to Cope with Global Warming. As a result, we at Nichiyu must review all aspects of our business, including procurement, manufacturing, sales, and service.

As a pioneer in the development of electric forklifts, Nichiyu has been working to improve the logistics environment for our customers by developing eco-friendly logistics equipment and systems. Going forward, we remain committed to developing a diverse array of products offering a combination of high performance, energy efficiency, and reduced environmental impact.

Moreover, we are focusing on employing the environmental management system we introduced in 2005 in an effort to reduce the environmental impact of our production systems.

The 2006 Nichiyu Environmental Report summarizes our environmental activities for fiscal 2005 with an emphasis on our environmental initiatives and our success in achieving our targets. I trust this publication will help the reader to understand this aspect of Nichiyu's operations.

Environmental Policies & Organizational Structure

Environmental Policies

Environmental Philosophy

Acknowledging that every individual wishes to be part of a harmonious society in a healthy environment, Nippon Yusoki Co., Ltd. and its affiliates shall conduct business with consideration for environmental preservation and harmony across all business operations.

Environmental Policies

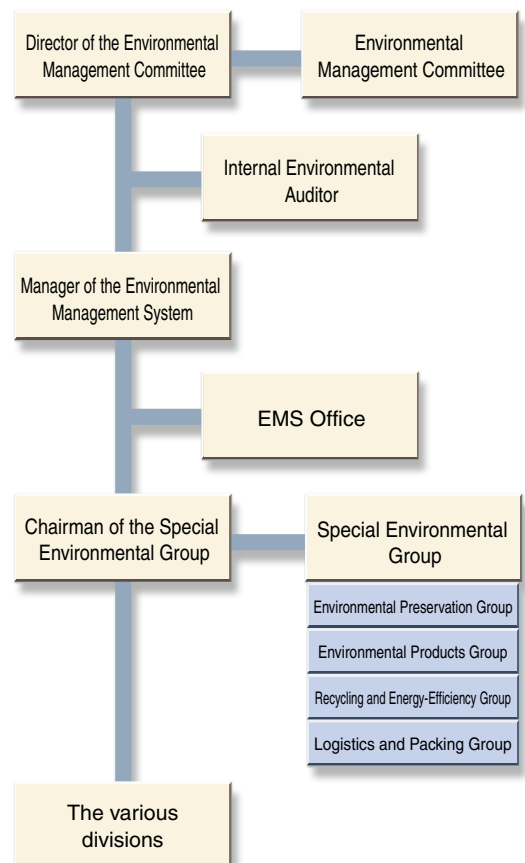
Nippon Yusoki Co., Ltd. and its affiliates are committed to proactively implementing the following environmental policies in the conduct of our business operations, which encompass the development, manufacture, sales, and servicing of electric forklifts and other industrial vehicles, distribution systems, and logistics products. Under the slogan "Providing the products that our customers appreciate," we aim to achieve a sustainable reduction in the environmental impact of our business while improving the social environment through our business operations.

1. Nichiyu recognizes environmental preservation and harmony with the environment as the most important issues facing our entire business and shall assemble the organization required to address these issues.
2. Under our environmental management system, we shall strive to control environmental pollution and promote environmental preservation activities by accurately monitoring the environment impact of our business operations.
3. We shall strictly comply with all environmental laws, regulations, and ordinances as well as all agreements and other requirements to which we are party; adopt voluntary standards; and takes steps to preserve the environment.
4. In acknowledging the environmental impact of our business operations, we shall adopt the following important initiatives.
 - (1) We shall manufacture eco-friendly products.
 - (2) We shall reduce, recycle, and properly dispose of all industrial waste resulting from our business operations.
 - (3) We shall become more efficient and reduce our consumption of raw materials, fuel, and energy, and we shall promote environmental preservation in our manufacturing activities.
 - (4) We shall improve the transportation efficiency of our product and parts distribution, reduce the use of packing materials, and decrease our environmental load.
5. We shall implement in-house training sessions and awareness campaigns to inform all our employees and trading partners of our environmental policies and shall disclose them to the public.

In order to implement the above environmental policies, we shall establish environmental goals and targets within our technical and economic scope and periodically review our progress. We shall remain committed to continuously improving our environmental management system and environmental performance.

Director of the Environmental Management Committee

Organizational Structure



Green Products

Environmentally Friendly Electric Forklift

Nichiyu's forklifts are powered by electricity. Compared to forklifts powered by fuels such as diesel oil, gasoline, and LPG, they produce significantly fewer carbon dioxide emissions.

Comparison of CO ₂ Emissions	Electric Forklift	Diesel Forklift	Gasoline Forklift	LPG Forklift
	100	260–370	270–380	200–290

Values calculated by Nichiyu using a 30-meter work cycle pattern conforming to the JIVAS F30 standard of the Japan Industrial Vehicles Association.

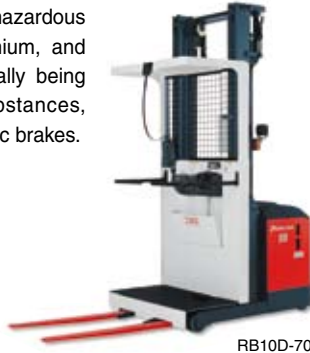


Order Pickers (RB-70/RBC-70)

The improved AC motor (alternating current), together with the regenerative lift lowering system that recaptures to the battery the potential energy that is conventionally discarded as heat, extends the number of operating cycles by about 20% (compared with Nichiyu's conventional picker). In addition, hazardous substances such as lead, cadmium, and hexavalent chromium are gradually being substituted with safer substances, beginning with the electromagnetic brakes.



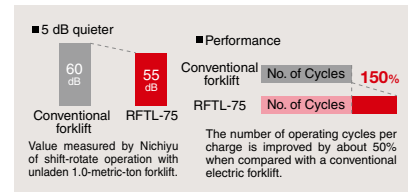
AC motor AC control unit



RB10D-70

Rack Forklift Trucks Junior Type (RFTL-75)

This innovative forklift replaces conventional hydraulics with electrically powered mechanisms for the fork shift (right-left slide) and rotational drive systems. Compared with Nichiyu's conventional forklift, this unit features an AC motor and provides a roughly 50% improvement in the number of operating cycles.



RFTL10-75

Asbestos Countermeasures

We have completed our initiative of substituting components that incorporate asbestos — mainly brake pads — with benign alternatives. Where asbestos had been used for special applications such as gaskets for explosion-proof vehicles, it was captured to eliminate any risk of dispersal. Our products now do not incorporate asbestos.

Adoption of Design Guidelines for Recycling

We have adopted these guidelines with the goal of promoting eco-friendly design and development. This initiative includes the reduction of hazardous substances and improved recycling of our products.

Design to exclude hazardous substances	Do not use banned substances. Reduce hazardous substances
Design for ease of recycling	Innovate in the use of raw materials.
	Design innovative structures.
	Facilitate sorting. Ensure processing safety.

Adopting Voluntary Standards and Applying Inspections

We have adopted voluntary standards for prohibiting or reducing the use of hazardous substances in our products. Moreover, we conduct monitoring inspections of our consumption of these hazardous substances in all our purchases and procurement transactions.

Waste Output Resulting from Product Disposal

Some industrial waste is generated when our forklift products are removed from surface. Nichiyu distributors accept used forklifts, practice transparent management, and undertake proper disposal. For example, we have established a recycling system for the lead plates in our batteries. Battery makers reuse this lead in new batteries after the electrolytic lead is recycled at a refinery/lead smelter.

Category	Description	Waste Resulting from Forklifts
Industrial waste	Waste plastic	Tires from Platter (Reach-type) trucks are mixed with waste plastic and scrap metal.
	Scrap metal	
	Sludge	
	Waste oil	
Specially controlled industrial waste	Waste acid	Batteries for industrial vehicles



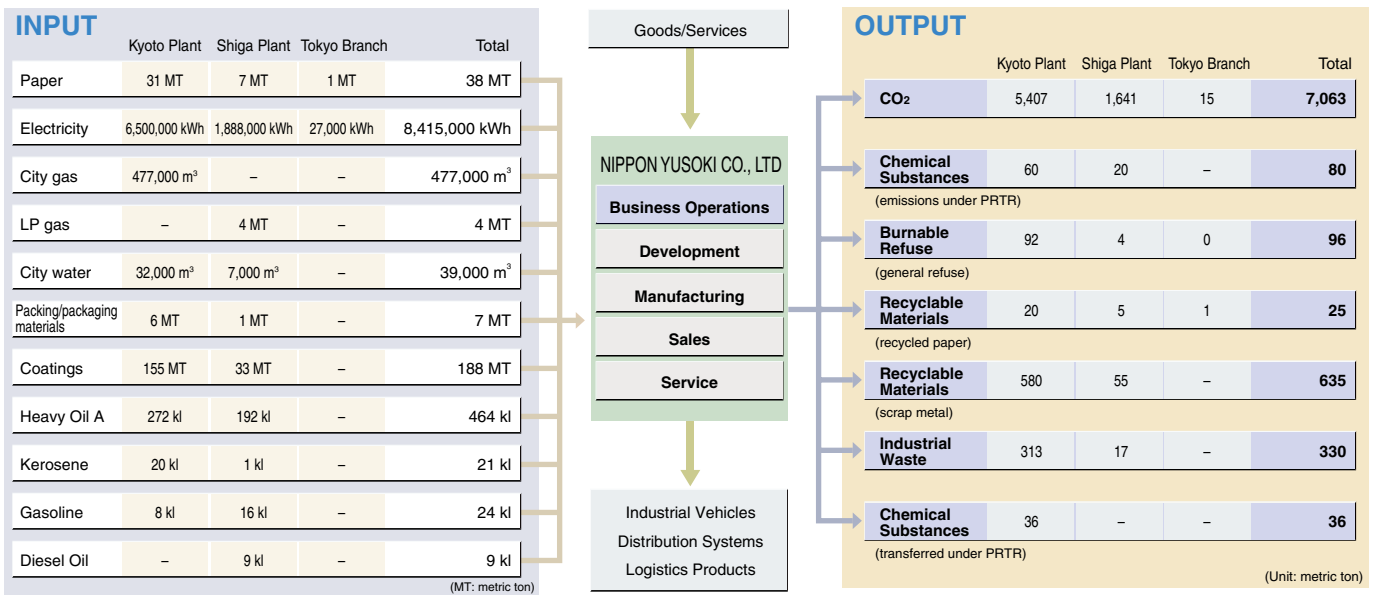
Waste batteries



Electrolytic lead

Achievements of Our Initiatives

Summary of Environmental Load



The values for each item and total values are rounded to the nearest whole number.

Compliance with Law and Ordinances

Kyoto Plant						Shiga Plant							
Item	Item to Be Monitored and Measured	Regulated Value	Voluntary Standard	Observed Value	Evaluation	Item	Item to Be Monitored and Measured	Regulated Value	Voluntary Standard	Observed Value	Evaluation		
Noise	Noise (dB)	6:00-8:00	60	-	59.4	In compliance	Noise	Noise (dB)	6:00-8:00	65	63	48.2	In compliance
		8:00-18:00	70	68	62.6	In compliance			8:00-18:00	70	68	56.7	In compliance
		18:00-22:00	60	-	58.9	In compliance			18:00-22:00	70	68	49.1	In compliance
		22:00-6:00	55	-	54.2	In compliance			22:00-6:00	60	58	49.0	In compliance
Vibration	Vibration (dB)	8:00-19:00	65	63	36.5	In compliance	Vibration	Vibration (dB)	8:00-19:00	70	68	28.2	In compliance
		19:00-8:00	60	58	32.3	In compliance			19:00-8:00	65	63	25.0	In compliance
Atmosphere	Particulate density (g/m ³ N)	0.30	0.1	0.027	In compliance	Atmosphere	Particulate density (g/m ³ N)	0.15	0.1	0.029	In compliance		
	SOx (m ³ N/h)	0.23	0.1	0.020	In compliance		SOx (m ³ N/h)	0.1	-	0.029	In compliance		
	SOx (m ³ N/h) Total amount control	0.979	0.8	0.152	In compliance		SOx (m ³ N/h) Total amount control	1.638	1.5	0.169	In compliance		
	Sulfur content of fuel (%)	0.8	0.7	0.28	In compliance		Sulfur content of fuel (%)	0.8	0.7	0.27	In compliance		
	Toluene (PPM)	200	160	66	In compliance		Toluene (PPM)	-	200	2.6	In compliance		
	Xylene (PPM)	300	210	23	In compliance		Xylene (PPM)	-	300	33	In compliance		
Water quality	pH	5-9	6.5-8.3	7.8	In compliance	Water quality	pH	6-8.5	6.5-8.3	6.6	In compliance		
	BOD (mg/l)	25 (20)	-	5.7	In compliance		BOD (mg/l)	20	18	1.0	In compliance		
	SS (mg/l)	90 (70)	-	17.0	In compliance		SS (mg/l)	20	18	5.4	In compliance		
	n-hexane (mg/l)	5	-	1.1	In compliance		n-hexane (mg/l)	60	50	3.4	In compliance		
						Nitrogen (mg/l)	8	7	3.6	In compliance			
						Phosphorus (mg/l)	0.6	0.5	0.1	In compliance			

Management of Chemical Substances (under PRTR Law)

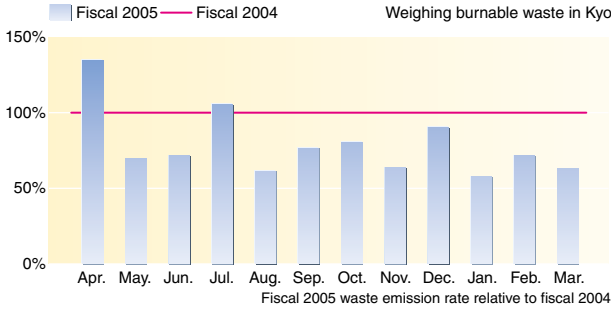
Number	Name of Substance	Application	Location	Amounts Released (metric tons)				Amount Transferred (metric tons)	
				Atmosphere	Water	Soil	Landfill	To sewers	To outside of plant
40	Ethylbenzene	Contained in coatings and solvents	Kyoto	14.0	0	0	0	0	8.3
63	Xylene	Contained in coatings and solvents	Kyoto	26.0	0	0	0	0	16.0
			Shiga	12.3	0	0	0	0	0
227	Toluene	Contained in coatings and solvents	Kyoto	20.0	0	0	0	0	12.0
			Shiga	7.7	0	0	0	0	0

Emissions of Burnable Waste

We made a significant effort to thoroughly sort our wastes and reduce our volumes of general waste and shredded waste. We succeeded in achieving a company-wide 20.7% reduction in waste emissions compared with the fiscal 2004 level.



Weighing burnable waste in Kyoto

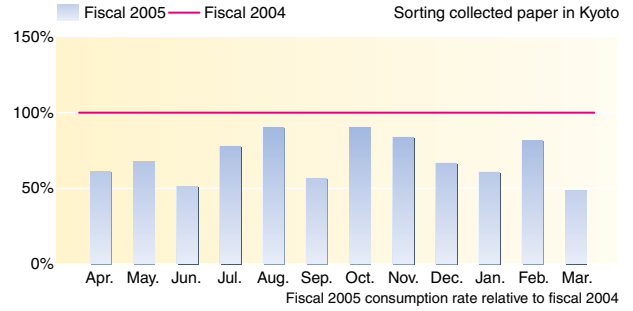


Paper Purchases

We have made efforts to promote the "paperless office" concept by promoting electronic publishing, adopting computerization, sharing data to reduce consumption, implementing thorough downsizing, and reducing computer paper. We achieved a company-wide 29.9% reduction in paper consumption compared with the fiscal 2004 level.



Sorting collected paper in Kyoto

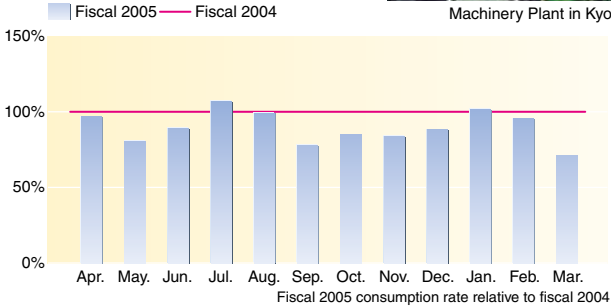


Electricity Consumption

We undertook to introduce and implement a management standard for energy-consuming facilities. As a result, we have introduced high-efficiency and energy-efficient devices and are studying the introduction of photovoltaic power generation and cogeneration. This effort reduced company-wide electricity consumption by 10.1% compared with the fiscal 2004 level.



Machinery Plant in Kyoto

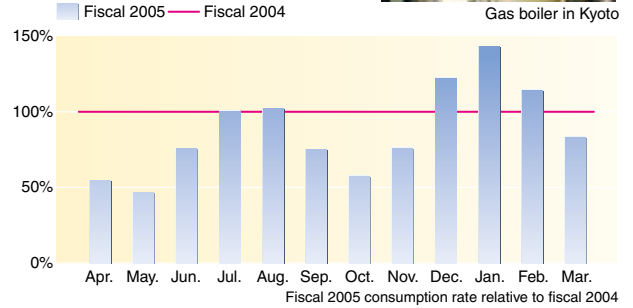


Gas Consumption

We undertook to introduce and implement a management standard for gas-consuming facilities. This initiative reduced company-wide gas consumption by 12.5% compared with the fiscal 2004 level.



Gas boiler in Kyoto

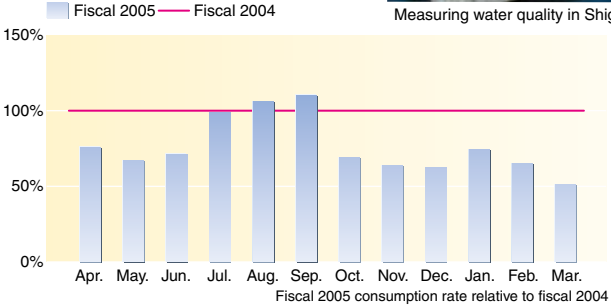


City Water Consumption

We undertook to introduce and implement a management standard for water-consuming facilities, monitored water leakage, and undertook timely repairs. This effort reduced company-wide water consumption by 23.5% compared with the fiscal 2004 level.



Measuring water quality in Shiga

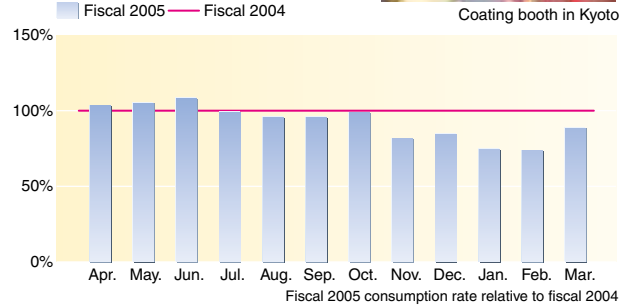


Consumption of Coatings

We made efforts to improve coating efficiency and switched to solvent-free coatings. This initiative reduced coating consumption in Kyoto by 19.6% compared with the fiscal 2004 level.



Coating booth in Kyoto

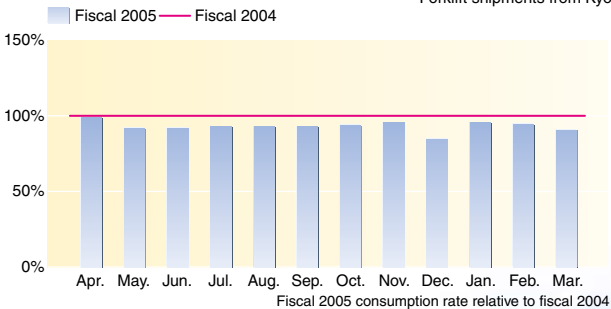


Number of Trucks in Service

We set out to increase the cargo volume of trucks when shipping our products, shared trucks for domestic and overseas shipping, and increased the number of regular service route providers. These efforts reduced the number of trucks in service in Kyoto by 6.7% compared with the fiscal 2004 level.



Forklift shipments from Kyoto

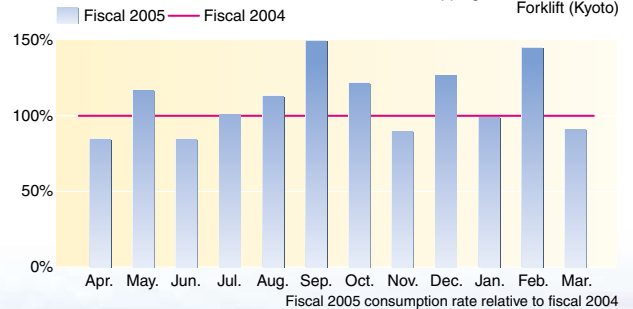


Consumption of Packing and Packaging Materials

We made efforts to reduce the amount of cardboard we consumed when shipping our products and components. We also sought to reduce cushioning of shipped parts. Despite these efforts, our company-wide consumption of these items increased by 5.9% compared with the fiscal 2004 level.



Reusable shipping cases for cover for Forklift (Kyoto)



Environmental Initiatives

Continuously Improving Operation of Environmental Facilities



Storage of toxic substances at Kyoto Machinery Plant



Measurement of noise & vibration at rear of Kyoto Electronic Plant



Installation of emergency drainage facilities at Kyoto Electronic Plant



Container for waste polychlorinated biphenyls (PCBs) at Kyoto Frame Plant

Environmental Training



Training of internal environmental auditors (January 21, 2006)

Internal Communications



Morning environmental meeting at Nichiyu Machinery Co., Ltd. (February 27, 2006)

Emergency Response Drill



Kyoto Machinery Plant (March 2, 2006)

Internal Environmental Audit



On-site audit of Nichiyu Plant Service Co., Ltd. (February 9, 2006)

Review of ISO 14001 Registration



On-site validation of the Kyoto Manufacturing Department (August 24, 2005)

Environmental Management Committee



Management review (March 30, 2006)

Community Environmental Activities



Clean-up around Kyoto Plant (May 26, 2005)



Waterway clean-up at Shiga Plant (January 28, 2006)

Facilities



Head Office/Kyoto Plant



Shiga Plant

Head Office/Kyoto Plant

Product	Electric Forklifts
Site Area	48,619 m ²
Building Floor Area	36,088 m ²

Shiga Plant

Product	Distribution Systems, Locomotives, and Monorails
Site Area	68,793 m ²
Building Floor Area	16,743 m ²

ECO-LOGISTICS since 1937

NICHYU

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