

Support for Improved Environmental Activities at Sales Companies

Environmental considerations in sales and service

• Creating an environmental management system

All 63 domestic Daihatsu sales companies have implemented their own environmental management systems, called Site Diagnosis Systems. They have been monitoring environmental impact and setting targets, and developing efforts with the participation of all employees based on top-down PDCA cycle activities.

Beginning in 2005, we intend to start a new environmental management system that incorporates the new Daihatsu Environmental Certification System. This will serve to step up our environmental impact reduction efforts.

• Developing environmental efforts through the Sales Company Environmental Managers Committees

The Sales Company Environmental Managers Committees in each domestic sales block provide explanations of the latest environmental issues, and serve orders to sales companies concerning the promotion of environmental activities.

• Promoting environmental activities

All Daihatsu sales companies are engaged in efforts to reduce water use and waste and to conserve energy so as to prevent global warming, as required by the provisions set forth in the Environmental Guideline. Energy conservation efforts include urging employees to take care in switching off lights not in use, installation of energy conservation equipment, and idling stop equipment in company cars.



Sales company showroom

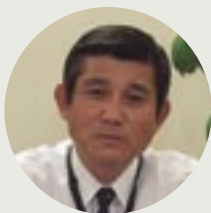
Evolution of the Daihatsu Sales Company Environmental Guideline



Example of Environmental Efforts at Sales Companies

Daihatsu Numazu Sales Co., Ltd.

Environmental conservation efforts centered on personnel development with participation by all employees



Michitaka Tosa
President
Daihatsu Numazu Sales Co., Ltd.

• “Personnel Development” is a major management issue

Daihatsu Numazu’s territory is Eastern Shizuoka Prefecture. This area comprises a rich natural environment, with the beautiful Izu Peninsula coastline to the south, and the best place for viewing Mt. Fuji in the north. We have been offering Daihatsu vehicles to customers in this lovely region for 49 years, and are coming up on our 50th anniversary in 2007.

Personnel development for all of our nearly 160 employees in clerical work, sales, and service, has been a major issue for Daihatsu Numazu as we have built our local business. We also believe that environmental efforts are important to mutual growth with the local community, and we began engaging in such activities early on.

In FY2005 we established the goal of acquiring No. 1 Certification under the Daihatsu Environmental Certification System for Sales Companies. Our aim is to achieve personnel development through environmental efforts.



Daihatsu Numazu Sales Fuji Dealer

• “President’s Early Morning Program” held more than 100 times a year

Daihatsu Numazu believes that direct talks between the president and the employees is an important component of personnel development.

Therefore, the president himself conducts “President’s Early Morning Program” every month at eight of our branches (for a total of more than 100 times each year).

“Environmental Month in 2006” contains an environmental poster with an environmental declaration written by the president. This poster is on display for viewing by employees at all branches.



Environmental declaration written by the president

• Waste reduction activities in which all employees participate

The Fuji Dealer is pursuing environmental conservation activities, based upon the President’s policies, in which all employees participate.

All employees discuss environmental issues, such as energy conservation and waste reduction in the showroom and on the service floor, and come up with measures to deal with them.

In addition, all employees take turns measuring the amount of waste emitted by the dealer on a daily basis. This provides a sense of the importance of promoting waste reduction and recycling.



Fuji Dealer President Kitaji explains the waste management situation.

These efforts underway at Daihatsu Numazu are providing the impetus for environmental conservation efforts centered on personnel development with participation by all employees.

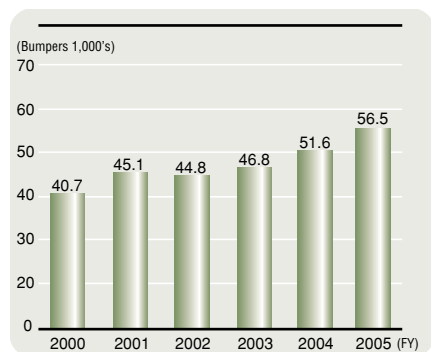


Efforts Made in the Automobile Industry Regarding End-of-Life Vehicles (ELV) Proper disposal of CFCs, airbags, and ASR from end-of-life vehicles

• Collection of bumpers scrapped during repair and maintenance

Bumpers scrapped during repair and maintenance are a type of industrial waste, and are recyclable. In January 1993, we began to collect bumpers that had been scrapped during repair and maintenance work at our sales companies in the Kinki district. This service was extended to cover all of Japan in February 1998. Currently all sales companies are collecting scrapped bumpers.

We collected around 57,000 bumpers in 2005, which are 5,000 more than in 2004. The collected bumpers are recycled into auto parts.



Number of collected bumpers scrapped during repair and maintenance

• Situation after enactment of the domestic recycling law

Daihatsu's recycling results for FY2005 (April 2005 ~ March 2006) are as follows:

- The recycling rate for ASR reached 56%, an improvement of 7 points over last year.

- All airbags and CFCs received are properly disposed of.
- Total in-house fees for the recycling and proper disposal of the three above items were ¥1.06 billion. Payment of ¥990 million in fees for deposit and recycling cost was received from the Delegated Fund Management Entity, for a loss in the balance of payments of ¥60 million.

<http://www.Daihatsu.co.jp/info/recycle/index.htm>

Recycling rate compliance

Recycling rate	ASR	Airbags
Results	56%	93%
Standard	30% or more (FY2005 ~ FY2009)	85% or more

We have achieved the recycling rates called for in Ministerial Ordinance 26 for both ASR and airbags.

Fees for deposit and recycling cost (¥1,000)

	Total for 3 items	ASR	Airbags	CFCs
Fees for deposit (including interest)	993,210	697,835	21,889	273,485
Recycling cost	1,055,680	738,505	29,685	287,489
Balance	-62,470	-40,669	-7,796	-14,004

Recycling costs exceeded deposits on three items.

• Recycling of end-of-life vehicles (ELV) in Europe

The European Union (EU) now has 10 new member countries, bringing total membership to 25 countries. The EU seeks full compliance, by new member

countries as well, with the legal framework for proper ELV disposal based upon the EU "End-of-life Vehicle Directive" (ELV Directive).

While the ELV Directive itself basically requires manufacturers and importers to set up a collection network and handle fee collection, the recycling infrastructure, legal system, and development of laws vary in each EU country, so the responses by manufacturers also vary.

Daihatsu is making efforts in tandem with Toyota for the development of products that emphasize "3R", and also to develop a collection network.

Laws and Daihatsu collection networks in the major EU countries

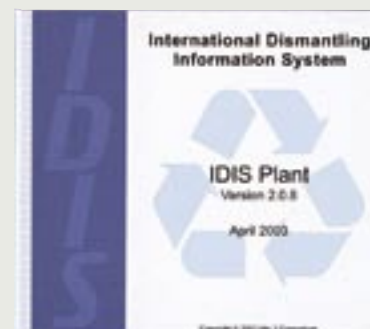
Country	Date law established	Daihatsu's response
Germany	July 2002	Consignment to ELV management company
England	March 2005	Consignment to ELV management company
Italy	June 2003	Consignment to UNRAE (Import Car Association)
France	June 2003	Consignment to ELV management company
Spain	August 2003	Consignment to SIGRAUTO (Import Car Association)
Holland	Implemented in 1993	ARN (Dutch Recycling Association) management
Denmark	Implemented in 1999	Payment by vehicle owner through the import association
Sweden	Implemented in 1998	Payment by vehicle owner through the import association

*The End-of-Life Vehicle Directive (ELV Directive)

The ELV Directive is a guideline for the proper disposal of end-of-life vehicles in European Union member states. The following is an outline of the Directive.

- 1) For vehicles sold after July 2002, owners must be able to have their ELV accepted for proper disposal free of charge. Beginning in 2007 this is to apply to all vehicles sold prior to July 2002.
- 2) A collection network for end-ELVs is to be in place by the end of 2006.
- 3) A recycling rate of 85% is to be achieved by 2006, and 95% by 2015.
- 4) The use of designated chemical substances is to be prohibited.

- 5) Material composition of major plastic and rubber parts is to be displayed.
- 6) A dismantle manual is to be composed.
- 7) Recycling information is to be provided to the user.



Dismantle Manual