

Takuma will strive for social contribution, corporate value enhancement, long-term corporate development and all stakeholders' satisfaction by yielding goods and services needed and recognized as valuables in society.

The founding spirit of Takuma was "Service to the nation through boiler manufacturing"* which in present-day language means "contribution to society by supplying goods and services that we yield". This spirit can also be applied to the concept of Corporate Social Responsibility (CSR) that in recent years has become a vital issue for corporate management. The management principles of the Takuma group companies are all based on the said founding spirit.

*** Service to the nation through boiler manufacturing**

It was the mission statement of Takuma, then Takuma Boiler Manufacturing Co., Ltd., founded by Mr. Tsunekichi Takuma, one of the ten great inventors of Japan during the period of Meiji and Taisho (1868-1926).

- Editorial Policy Since fiscal 2007, we have renewed the "Environmental Report" which was previously issued, as the "CSR Report" in order to describe our CSR activities.
- Date of Issue August 2007
- Publisher The Compliance & CSR Promotion Division, CSR Department
- Data Collection Period From April 1, 2006 to March 31, 2007 in principle. In addition, some activities in fiscal 2007 are included.
- Coverage Takuma Head Office, Business institutions, Harima Factory, Kyoto Factory, and some group companies (Nippon Thermoener Co., Ltd., Takuma Technos Co., Ltd., Sun Plant Co., Ltd., Takuma Plant Co., Ltd., Takuma Engineering Co., Ltd., Takuma System Control Co., Ltd., Central Conveyor Co., Ltd., Dan · Takuma Technologies Inc., Kankyo Sol-Tech Co., Ltd., KAB Takuma GmbH and Bioener ApS)
- Next Issue Scheduled for October 2008

C O N T E N T S

Management Principles	1
Editorial Policy/Contents	2
Message from the Top Management	3
Changing Times and Takuma's Technology	5
Company Outline	9
Corporate Governance	10
Topics	
Topic-1 To Japan, Asia and Europe	11
Topic-2 The Development of the Sewage Sludge Gasification and Generation System	17
The CSR of Takuma	
Our CSR approach at Takuma	18
The Origin of the CSR of Takuma	19
The Institution of the Takuma Group Ethics Charter	20
The Mid-term Management Plan	21
Report on the CSR Activities in Fiscal 2006	24
Participation in the UN Global Compact	24
Internal Control and Response to the Japanese SOX Act	25
Information Security	26
Protection of Intellectual Property	28
Along with All Stakeholders	
For the Sake of the Global Environment	29
For the Sake of the Reduction of CO ₂ Emissions around the World	33
Along with Customers	34
Along with Shareholders	34
Along with Suppliers	35
Along with Employees	36
Policy for Safety and Health	37
Social Contribution Activities	
Contribution to the Local Community	39
Contributions through NPOs	40
The "Takuma" course in Hokkaido University Exhibits	41
Environmental Conservation Activities	
Basic Environmental Policy	45
Our Approaches toward the Reduction of the Environmental Load	46
Environmental Conservation and Technical Development toward the Efficient Use of Energy	48
Environmental Accounting	49
Observations by a Third Party	50
Editor's Postscript — After completing the first year of CSR	52