

**We pledge to reinforce our CSR management, aiming to become the top manufacturer in the field of the environment and energy business.**

**Could you please tell us what Takuma's CSR management is?**

Recently, we face various global issues relating to the environment, including climate change and global warming. Takuma has been continually developing and providing technologies such as energy from waste plant, waste treatment and biomass power plants, activities which are closely related to resolving such environmental issues.

We need not repeat the term 'CSR' here, since the Company founder, Tsunekichi Takuma, already advocated 'Kikan Hokoku' (Service to the nation through boiler manufacturing) as the Takuma corporate motto. 'Hokoku' (patriotism) means a corporation that aims to contribute to society; I strongly believe therefore, that the spirit of this motto is exactly the idea of CSR. In addition, our current corporate motto is "Value technology, people, and the earth". Based on the aforementioned old and new corporate mottos, we will set out to become a company that is needed by society, as our corporate philosophy. I believe that the manufacturing products available to contribute to people, the earth and our corporate activities themselves are the CSR management targeted by Takuma. However, the business performance of fiscal 2006 resulted in an operational deficit and we were unable to deliver satisfactory results to our stakeholders. We would therefore like to focus on 'Reinforcement of Business Risk Management' and 'Promotion of Measures for Realizing Corporate Vision' in the CSR management in future.

**You announced the '8<sup>th</sup> Mid-term Management Plan' in April last year. How was the performance of fiscal 2006, which was the first year of this plan?**

The 8<sup>th</sup> mid-term management plan (2006-2008) represents a drastic reform toward the rebirth of Takuma. We established the following two points of "group management" and "selection and concentration" for basic strategy in the new mid-term management plan and set the following three: "promotion of compliance & CSR management", "reinforcement of corporate competence" and "establishment of best business strategy" as priority subjects, aiming to continue to be a leading company in the field of the environment and energy business.

In April, we launched the Compliance & CSR Promotion Division to strengthen our activities in terms of compliance and risk management. In fiscal 2006, I believe that we could also achieve a significant result in terms of organizational as well as substantial aspects.

Regarding business deployment, one of our overseas strategies; plant business in Europe, which has been introduced in the Corporate Vision section, started to get

underway. The order receipt of waste-to-energy power business in England is one of the examples of the project. (For further details, please refer to page 13.) The order volume was relatively high and I sense positive responses toward such projects.

**Please tell us about the newly established corporate structure.**

During the implementing of organizational change, I held a company-wide gathering to convey my message directly to each employee. That is because it is necessary to share the common acknowledgement of each employee in order to overcome the severe business environment.

The purpose of implementing organizational change is to continue constantly providing products and technologies that maintain customer satisfaction, while thoroughly controlling any risks and securing stable revenue. Our employees have just started to steadily address a new approach under the new corporate structure.

**Please comment regarding the announcement of the 'Compliance Declaration'.**

Unfortunately, we faced a case last year where we were accused of a legal violation and caused trouble to many people. Although compliance generally means observing laws or ordinances, our group also considers it to encompass the concept of ethics and morality from a broader perspective.

The attitude of "Be faithful" is compliance itself. Since I felt that it was necessary to clearly state my intention as CEO first, I announced the 'Compliance Declaration'.

**Please tell us about the participation in the UN Global Compact.**

We announced the participation in the 'UN Global Compact', in order to recognize the 'Compliance Declaration', not merely as text written on the face of a document but to appeal, both at home and abroad. The approaches towards issues in terms of 'Human Rights', 'Labour', 'Environment' and 'Anti-Corruption', as advocated by the United Nations, clarify corporate responsibilities and encourage our sustainable growth.

To profit by using illegal measures can never be accepted by society. This is a universal recognition. We will also respect it in our overseas business projects.

I hope to obtain understanding concerning our corporate stance. (Please refer to page 24 as for the UN Global Compact.)



**What do you think of future environmental issues?**

It has been two years since the Kyoto Protocol came into force. We face difficult circumstances to achieve the goal of reducing CO<sub>2</sub> emissions during the appointed term. Nevertheless, our products are highly capable of this CO<sub>2</sub> reduction and further-more, meeting social needs both at home and overseas in the field of the environment and energy to establish a society toward environmental preservation and a recycling-oriented society.

It would be such an honor if Takuma's technologies and product lineups could lead to environmental and energy issues being resolved.

**Please say a few words to the readers of this CSR Report.**

It would be a great pleasure if this CSR Report could help you understand our efforts. I would appreciate your feedback to help us in the further advancement of the company.

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Takuma Co., Ltd.

*Hajime Tejima*  
**Hajime Tejima**  
President and CEO

