

Observations by a Third Party

To Mr. Hajime Tejima
President and CEO
Takuma Co., Ltd.

Masako Shishido
Representative Partner
Social Vision LLC



[Target and Objective of Operations]

Our operations aim to report commendable points as well as those considered to be future tasks for the company from the perspectives of the basic principles of the AA 1000 Assurance Standard (materiality, completeness and responsiveness) concerning whether the “Takuma CSR Report 2007” (hereinafter referred to as the “CSR Report”) achieves accountability to stakeholders, commissioned by Takuma Co., Ltd. (hereinafter referred to as the “Takuma”). In addition, this does not intend to assure the accountability of the company.

[Operations implemented]

We assessed the CSR Report through a process focusing on written reviews, as follows :

[Materiality]

As to whether the CSR report includes information regarding their CSR activities, which is necessary for stakeholders to perform decision-making, judgment and action

Commendable Points :

Takuma ensures it remains aware of the concerns and interests of stakeholders as far as possible by engaging in communication with the main stakeholders.

- Takuma implements a customer satisfaction survey for those to whom they has delivered plant facilities and has an effective grasp of customers’ concerns and interests. The issues obtained are reported to the QM Committee, headed by management.
- Takuma remains aware of the concerns and interests of their employees by conducting communication with all younger and mid-career employees via “talk sessions with the President”.
- Takuma communicates with their suppliers in accordance with the “Purchasing Policy”.
- Takuma achieves accountability to stakeholders on vital issues, such as compliance and making reports on future business development.

Takuma considers and describes the following issues in terms of processes that specify important aspects.

- Takuma considers issues regarding the Takuma Group Ethics Charter on a group-wide basis.
- As for the issues regarding the UN Global Compact, Takuma considers and describes the fact that they implement such issues through their business activities.
- Takuma considers issues which affect financial affairs in terms of compliance and describes them.

The Points Considered being Future Tasks :

It is hoped that Takuma will consider CSR activities and issues disclosed in the CSR Report of other companies in the same domain in future.

[Completeness]

As to whether Takuma is fully aware of the relevant information concerning important issues to the extent necessary for their business activities

Commendable Points :

Takuma is aware of the impacts on their CSR activities in the following manner and describes them in the CSR Report.

- Through an ISO 14001 certificate in the Harima and Kyoto factories, the details of their approaches toward the environment on the ground is understood.
- Takuma sets their own environmental objectives and understands the state of environmental accounting as well as the details of approaches toward the environment.

The Points Considered being Future Tasks :

It is hoped that Takuma will describe the issues of CSR activities, including compliance and the approaches toward the environment in each group company, as its scope of the comprehension of impact is intended to expand to a group-wide level in future.

- There is a wish to specify the scope of comprehension in terms of changes in the number of occupational accidents in the safety and health activities as well as concrete development of the COHSMS in the report.
- There is a wish to apply Takuma's environmental objectives within the Takuma Group immediately.

[Responsiveness]

As to whether the CSR report responds to significant issues, such as the concerns and interests of stakeholders, as well as it describes in its countermeasures

Commendable Points :

Takuma has established the Compliance & CSR Promotion Division whereby significant issues in terms of compliance, human rights, the satisfaction level of employees and customers, the local community and the global environment are considered and deliberated.

- Targeting a contribution to the development of bioenergy, Takuma focuses on developing a system of sewage sludge gasification and power generation and implementing trial operations toward practical application.
- Takuma supports educational and research activities by organizing an endowed course at Hokkaido University.
- Takuma has introduced their environmental approaches through exhibits at the Sewage Works Exhibition 2006 and N-EXPO 2006.
- The CSR Report is disclosed on the website as well as in the form of a booklet.
- Takuma sets out their objectives in terms of CSR by formulating the 8th Mid-term Management Plan, as well as disclosing priority subjects and future development in the CSR Report.

The Points Considered being Future Tasks :

It is hoped that Takuma will disclose the structure of monitoring the CSR progress situation of the group companies.

[Editor's Postscript]

After completing the first year of CSR

Nobuyoshi Yamahara

Senior Managing Executive Officer
General Manager, Compliance & CSR Promotion Division



Fiscal 2006 was the year that we could call "the first year of CSR" for our company. In April 2006, the Compliance & CSR Promotion Division, comprising the CSR, Safety and Legal Departments, was launched. Compliance represents the cornerstone of corporate ethics, while a company scandal threatens to explode into a major event, affecting the survival of the company in the event of failure. At the same time, although the CSR originally enhances stakeholder satisfaction by pursuing corporate social responsibilities, assuming a broad perspective of maintaining and improving corporate social value, compliance can also be said to be included in the CSR.

On this occasion, we have prepared the first issue of the CSR Report 2007. In fiscal 2006, our company suffered a serious incident; however, we have been striving our utmost to implement a variety of activities, as described in this report. Although it was relatively challenging to ensure the concept of CSR penetrated throughout all our employees, I feel that Takuma has been gradually changing and some leads have been taken for the initial year. However, many problems remain to be overcome. We will continue to progress in order to meet the expectations of our stakeholders. Your understanding and cooperation will be greatly appreciated.



Takuma Co., Ltd.

● For further information on the CSR Report, please contact:

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