

Basic Environmental Policy

Our Harima Factory has acquired the ISO14001 certification and have been conducting environmental management activities, based on the environmental management system established to comply with international standards.

< Environmental Philosophy >

Takuma is committed to preserving the environment and realizing an affluent society through business activities under the company motto, "Value technology, people, and the earth".

< Operational Guidelines >

- 1 All Takuma Group companies will recognize the importance of maintaining a balance between preservation of the environment and business activities.
- 2 Continuously develop activities to preserve the environment that comply with applicable environmental laws and ordinances, and ensure environmental control and assessment systems conform to international environmental standards.
- 3 Promote development of improved technologies and products for society that preserve the environment.
- 4 Address resource conservation, energy efficiency, recycling, and minimization of waste generated by all business activities.
- 5 Improve employee awareness and understanding about the importance of preserving the environment through environmental education and internal promotional activities.
- 6 Provide the community with information on the activities of Takuma to preserve the environment.



Harima Factory Shinhamma, Arai-cho, Takasago, Hyogo

Certification No.: JQA-EM0313 (ISO14001: 2004/
JISQ14001: 2004)
• Certification Date: January 8, 1999
• Renewal Date: January 8, 2008
• Expiry Date: January 7, 2011

Certified Business Units: Harima Factory, Research Center
Energy & Environmental Technology Division and
Experiment Center

Certified Activities: Design, development and manufacture of
boilers and products for environmental plants and issuing
of certificates of analyses and measurements

Group Company: Kankyo Sol-Tech (issuing of certificates of
analyses and measurements)

< Other Group Companies acquired ISO14001 certification >

Takuma Technos Co., Ltd.
Dan • Takuma Technologies Inc.

Our Approaches toward the Reduction of the Environmental Load

Environmental Objectives

The Company established the following environmental objectives:

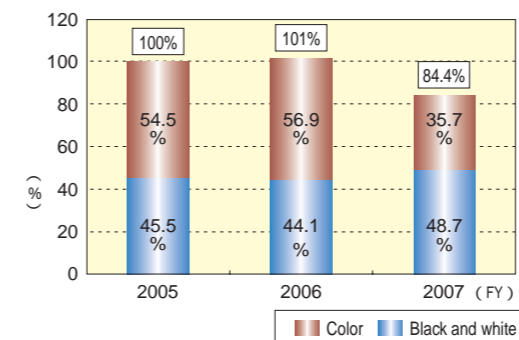
1. Takuma will reduce the amount of overall energy consumption by 30% compared to its level of fiscal 2001 by fiscal 2012.
2. Takuma will reduce the amount of CO₂ emissions by 30% compared to its level of fiscal 2001 by fiscal 2012.
3. Takuma will reduce the amount of waste generation by 30% compared to its level of fiscal 2001 by fiscal 2012.
4. Takuma will reduce the amount of final disposal of waste by 30% compared to its level of fiscal 2001 by fiscal 2012.
5. Takuma will achieve a rate of green purchase, such as office supplies, by more than 60% by fiscal 2012.
6. Takuma will take all effective and possible environmental measures by controlling expenditure on the same.

Environmental Objectives for the Group Companies

In accordance with the establishment of our "Environmental Objectives", our domestic group companies established their own "Environmental Objectives" and are striving toward efforts to reduce the environmental loads.

A Campaign to Reduce Photocopying

In fiscal 2007, we implemented a campaign to reduce photocopying due to concerns at the large increase in photocopies based on the need to prepare for the Japanese SOX act. Consequently, the number of photocopies made decreased by 15.6% compared to that of fiscal 2005 in environmental load equivalent (cost basis) thanks to the reduced number of color photocopies made.



[Photocopy environmental load assuming fiscal 2005 to be 100]

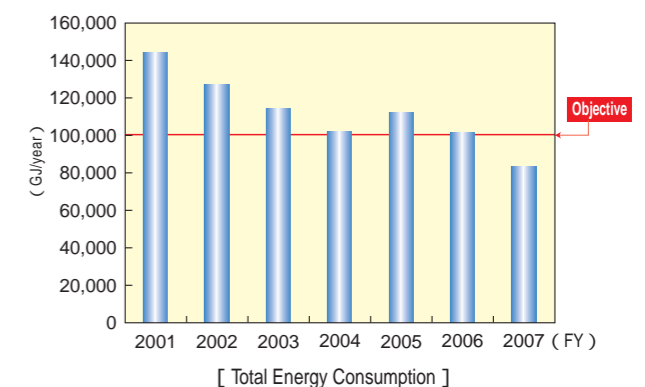
Resource Reduction Campaign

Followed by the previous fiscal year, the Company implemented the "Cool Biz" campaign as part of the energy conservation measures for summer.

Period: June 16 - September 30, 2007
Preset Temperature: 28

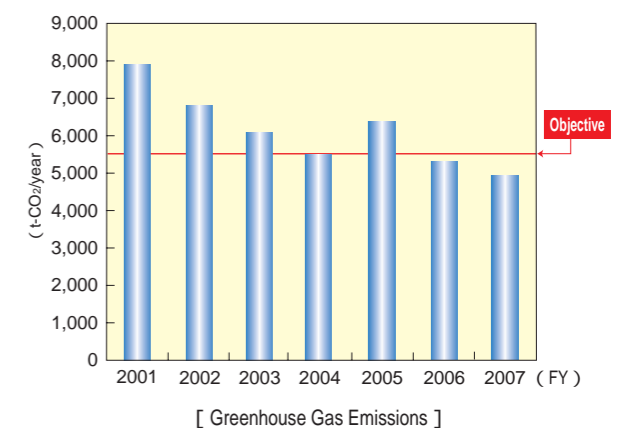
Total Energy Consumption

The total energy consumption of fuels and electricity consumed at the Head Office, the Harima Factory (including Kankyo Sol-Tech Co., Ltd.) is indicated in the following chart. We have successfully achieved our objectives in fiscal 2007.



CO₂ Emissions

The greenhouse gas emissions created by the Company are limited to carbon dioxide (CO₂). As in the case of the total energy consumption, we successfully achieved our objectives in fiscal 2007 and will continue efforts toward reducing CO₂ emissions; both at offices and the factory.

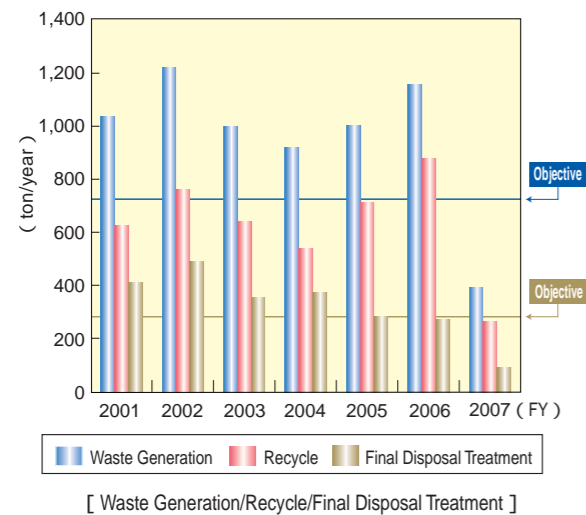


[Greenhouse Gas Emissions]

Waste Generation

The Company sells recyclables and reusables from the waste generated through its business activities to scrap dealers, while outsourcing the treatment of the remainder of the waste - non-recyclables and non-reusables - to haulers, processors and final disposal dealers, in accordance with the Industrial Waste Control Manifest system.

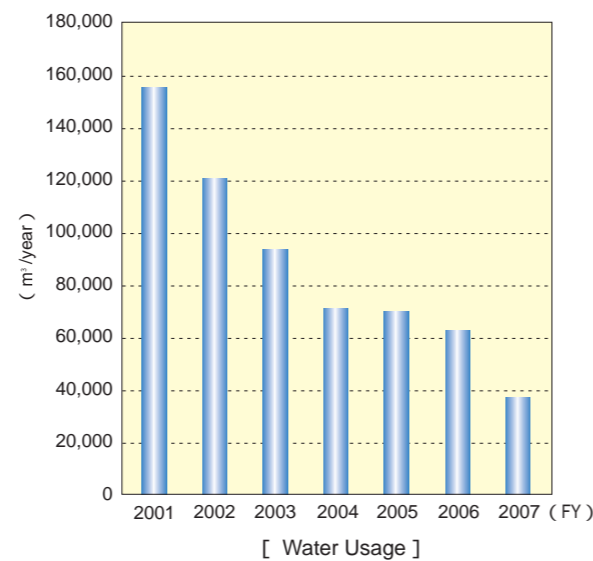
In fiscal 2007, thanks to the waste deduction activities performed at the Head Office and the Harima Factory, as well as the Kyoto Factory relocated into our group company (Nippon Thermoener Co., Ltd.), both waste generation and final waste disposal amounts were within the targeted levels. We would like to continue striving toward waste reduction on the basis of a review setting further stringent objectives.



Water Usage

The applications of water are cooling and rinsing factory equipment, while being used for daily life, cooling water for air-conditioners, watering plants and makeup water for ponds at the Head Office. The water used for these applications is all tap water. At the Harima Factory, its water area is covered by the special measures law for the Seto Inland Sea environmental conservation, whereby stringent emission concentration regulations as well as total volume control are applied. The water quality is regularly checked at each registered drain outlet and the result is reported to Hyogo Prefecture and Takasago City.

As in the case of waste generation, we have achieved a significant reduction in water usage.



PRTR Emissions

Although our business activities do not involve a wide variety of chemical substances on a massive scale, we use a few designated chemical substances. Consequently, we report and register such chemical substances designated as PRTR, in accordance with relevant laws and ordinances, with the local government.

Toluene (CAS No. 108-88-3)

Usage: Used for chemical analyses inside the analytical laboratory

FY	2004	2005	2006	2007
Emissions (tons)	1.4	1.6	3.4	1.1

After use, all materials are taken away by waste-solvent dealers for disposal. The usage of toluene in fiscal 2006 was increased due to the increased analyses of the Kankyo Sol-Tech Co., Ltd.

Dichloromethane (CAS No. 75-09-2)

Usage: Rustproofing paint on structural steel for boilers

FY	2004	2005	2006	2007
Emissions (tons)	0.2	0.2	0	0.5

Due to the increased operational loads at the Harima Factory, the amount of usage was increased.

Xylene (CAS No. 1330-20-7)

Usage: Rustproofing paint on structural steel for boilers

FY	2004	2005	2006	2007
Emissions (tons)	1.3	1.3	1.8	1.5

Environmental Accounting

Since fiscal 2006, we have introduced and disclosed Takuma's company - specific environmental accounting system; based on the Environmental Accounting Guidelines 2005 issued by the Ministry of the Environment. As our business activities mainly involve environmental conservation plants and its equipment, all Takuma group employees have a significant awareness of the need for environmental conservation and we have been implementing approaches toward such issues within the Takuma group. For the current fiscal year, data of our two group companies are newly added as object sites.

Scope of Data Collection

Period: April 1, 2007 - March 31, 2008

Sites: Takuma Head Office, other offices (including overseas offices), Harima Factory, Nippon Thermoener Co., Ltd., Takuma Technos Co., Ltd., Sun Plant Co., Ltd. Takuma Engineering Co., Ltd., Central Conveyor Co., Ltd., Dan Takuma Technologies Inc., Takuma Plant Co., Ltd., Takuma System Control Co., Ltd., Kankyo Sol-Tech Co., Ltd., KAB Takuma GmbH (overseas subsidiary), Bioener ApS (overseas subsidiary), Taiden Environtech Co., Ltd. (overseas subsidiary) and SIAM TAKUMA Co., Ltd. (overseas subsidiary)

Environmental Conservation Cost

Item	Investment (thousand yen)	Cost (thousand yen)
Pollution prevention costs		15,705
Global environmental conservation costs		3,815
Resource recycling costs	2,188	28,471
Management activity costs		63,393
Environmental load monitoring costs		1,758
Research and development costs	38,550	928,172
Social activity costs		13,201

Environmental Conservation Effect

Item	FY 2006	FY 2007	Reduction volume
Total energy input (GJ)	165,700	151,835	13,865
Water resource input (m³)	91,905	73,124	18,781
Greenhouse gas emission volume (ton-CO ₂)	7,512	7,016	496
Waste generation (ton)	1,488	1,116	372
Final disposal volume (ton)	288	222	66
Total drainage volume (m³)	85,999	72,782	13,217
BOD emissions (ton)	4,616	3,989	627
COD emissions (ton)	4,417	4,302	115
T-N emissions (ton)	1,248	1,112	136
T-P emissions (ton)	186	168	18

Environmental Efficiency

"As for environmental loads, there is a need to reduce their gross volume. However, approaches toward high economic efficiency are also required from a business management perspective.

Consequently, when comprehending and evaluating environmental performance as well as approaches toward the environment implemented by business organizations, it is important to comprehend and manage an index indicating the efficiency of their approaches toward the environment, while also reflecting the economic value they produce, as well as an index indicating the loading dose". (Environmental Performance Indicators Guideline for Organizations (Fiscal Year 2002 Version): Ministry of the

Environment)

The Company calculated environmental efficiency in response to contemporary demands. In fiscal 2007, environmental efficiency was improved by approx. 1.9% compared to the level of fiscal 2006. We will continue to strive to improve our environmental efficiency.

$$\text{Definition of Environmental Efficiency} = \frac{\text{Consolidated net sales}}{\text{Greenhouse gas emissions (ton-CO}_2\text{)}} = \text{Environmental Efficiency (\%)}$$

