

Yamatake is taking positive measures to achieve its goal of minimizing the impact placed on the environment by its business activities. These include measures to conserve energy and natural resources, prevent pollution and manage chemical substances

Jun Kawachi
Executive Director
Managing Executive Officer
Yamatake Corporation



Currently, the most important environmental issue that we face is how to prevent global warming. At the Group, we have set the medium-term management target of reducing CO₂ emissions by the end of fiscal 2012, ended March 31, 2013, by 6.2% compared with the level at the end of fiscal 2006.

All Group employees are striving to conserve energy to enable us to expand operations without increasing CO₂ emissions. We are now focusing our energies on what steps we can take to conserve energy within our business activities.

We have practically completed energy conservation measures for building infrastructure at our production bases, such as those relating to air-conditioning and lighting, and production lines are being redesigned with the goal of energy conservation. At every sales office, in addition to energy conservation measures for building infrastructure, we are also pursuing initiatives for Group-owned vehicles.

In R&D, we are devoting resources to developing products that are considerate to the environment throughout their lifecycles. Moreover, we are looking into how to utilize "new energies" and carbon offsetting in future strategies.

The Group's Medium-term Target

By fiscal 2012, reduce Group CO₂ emissions 6.2% compared to the level at the end of fiscal 2006.

Yamatake Corporation's Environmental Objectives and Targets

| | Categories | Objectives | Targets for Fiscal 2007 | Results for Fiscal 2007 | Self-assessment | Targets for Fiscal 2008 | Targets for Fiscal 2010 |
|-----------------------------------|--|---|---|--|-----------------|---|---|
| Eco Factories, Eco Offices | Preventing global warming (reduction of CO ₂ emissions) | • By fiscal 2012, reduce total volume of CO ₂ emissions by 6.2% compared to fiscal 2006 Fiscal 2006 total volume: 20,110 tons of CO ₂ | • Reduce by 1% compared to fiscal 2006 • Establish new medium-term targets following reorganization of production sites | • Reduced by 2.5% compared to fiscal 2006, total volume: 19,602 tons • Re-established medium-term targets | ○ | • Reduce CO ₂ emissions by 3.1% compared to fiscal 2006. Total volume: 19,421 tons • Construct an environment-conscious advanced technology laboratory building | • Reduce by 0.5% compared to 2006, total volume 19,948 tons — |
| | Preventing environmental pollution | • By fiscal 2009, completely discontinue use of dichloromethane*1 • Incidents of wastewater noncompliance: 0 | • Investigate complete discontinuance of dichloromethane • Instances where process wastewater exceeds the levels agreed upon with the local community: 0 | • Use at Shonan factory: fiscal 2006, 15 tons: fiscal 2007, 4.5 tons, a 70% reduction • Instances where process-use water exceeded the levels agreed upon with the local community: 1 • Discontinued cell cleaning process • Introduced new wastewater treatment facilities | ○ × | • Completely discontinue use of dichloromethane at Shonan factory • Instances where process-use water exceeds agreed-upon levels: 0 • Instances where kitchen-use water exceeds agreed-upon levels: 0 | — • Continue previous targets |
| | Conservation natural resources | • By fiscal 2012, reduce total amount of purchased copier-use paper by 30% compared to fiscal 2006 | • Reduce by 5% compared to fiscal 2006 Total volume: 53.2 million sheets | • Reduced by 2.1% from fiscal 2006 Total volume: 52.0 million sheets | △ | • Reduce by 10% compared to fiscal 2006 | • Reduce by 20% compared to 2006 |
| Eco Products, Eco Services | Managing chemical substances | • By fiscal 2011, create and establish Groupwide CMS*2 management systems | • Prepare for introduction of CMS promotion structure by CMS project team | • Prepared for introduction of CMS structure by CMS project team from fiscal 2008 • Established related internal rules | △ | • Inaugurate CMS Promotion Committee • Respond to most important CMS management issues • Implement responses to REACH regulations, ship recycling law, etc. | • Complete 50% of equipment for CMS product line • Continue and review responses to most important CMS management issues |
| | Environment-conscious design | • Create numerical benchmarks to measure improvements in environment-conscious design • Increase ratio of new products classified as eco products*3 • By fiscal 2011, increase LCA*4 implementation rate to 100% (for new products) | • Simplify input of LCA data, move to a database system, survey trends in product environmental efficiency • Eco-product rate: 90% • LCA implementation rate: 30% | • Began preparations for LCA management guidelines • Eco-product rate: 88% • LCA implementation rate: 30% | ○ | • Create LCA management guidelines • Rate of new products as eco products: 90% or above • LCA implementation rate: 10% or above | • Review LCA management guidelines • Rate of new products as eco products: 70% or above • LCA implementation rate: 50% or above |
| | Green procurement | • Green procurement rate (purchase-balance ratio) to 95% or above | • Target expanding and deepening of Yamatake Eco Program (YEP: a program to help trading partners create environmental management systems) registered companies to 60 | • Green procurement rate: 67% • Number of YEP registered companies: 64 | ○ | • Achieve green procurement rate of 95% • Support the independence of trading partner's environmental management systems | • Continue previous targets |
| Eco Communication | Disclosing environmental information, coexisting with society | • Participate in environmental events and local environmental activities • Promote the use of clean energy • Encourage all employees and their families to reduce CO ₂ emissions | • Cleaning activities in areas close to offices and plants, cooperate with NGOs and NPOs and support for the Shonan international marathon | • Completed cleaning activities in areas close to offices and plants, cooperated with NGOs and NPOs and supported the Shonan international marathon • Introduced solar power generation equipment at Yamatake Shonan Training Center (10kWh) | ○ | • Cleaning activities in areas close to offices and plants, cooperate with NGOs and NPOs and support the Shonan international marathon • Investigate expanded use of clean energy • Hold energy conservation programs for children during summer holidays | • Continue previous targets |

*1 Excluding certain products *2 CMS: Chemical-substances Management Systems *3 Eco products: new products that have cleared environmental certification benchmarks
*4 LCA: Life Cycle Assessment

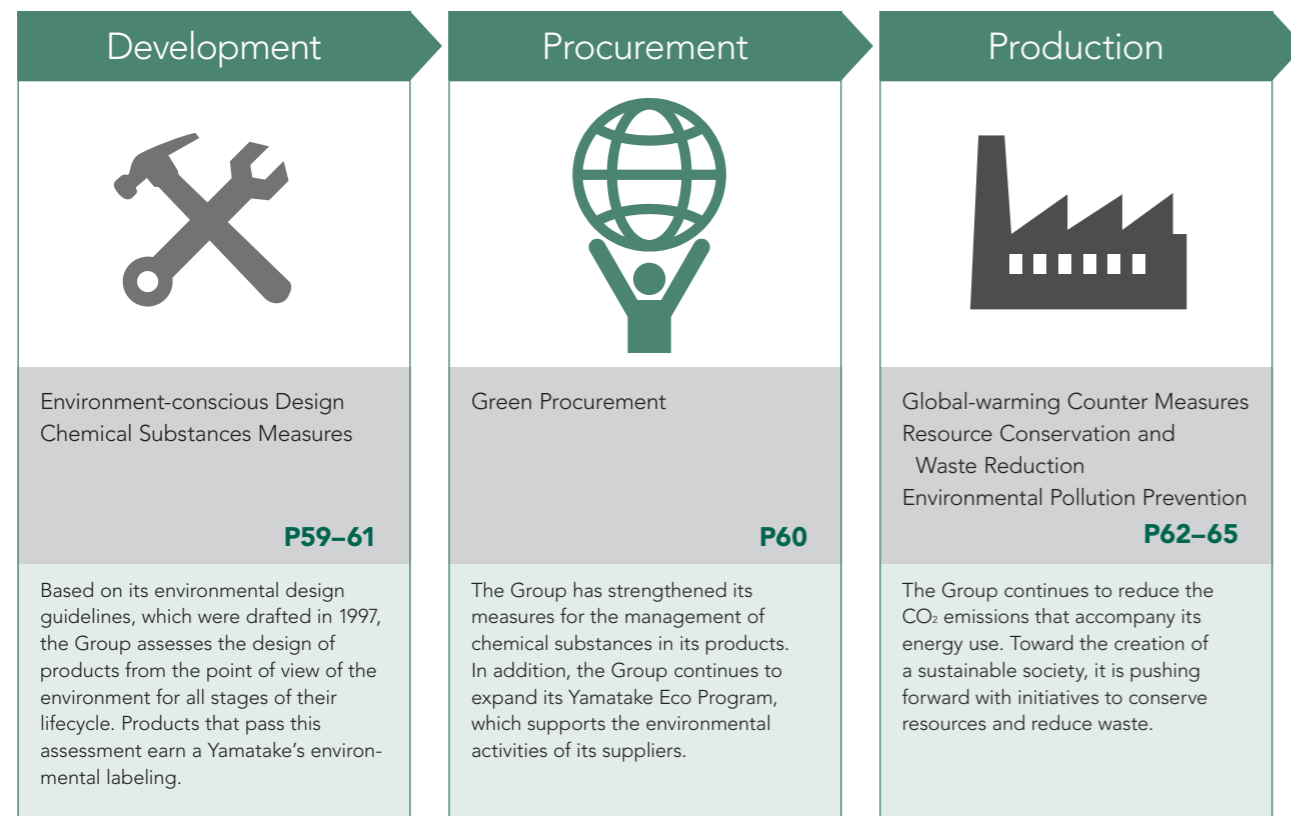
Environmental Impact throughout Our Business Activities

Yamatake engages in a range of activities to contribute to the environment, from product development and design to product use, disposal and recycling. We undertake quantitative analysis of environmental impact in all of our business activities and adopt appropriate measures for lessening impact.

| | | | | | |
|-------------|------------------|-------|------------------------|------------------|---------------------|
| Electricity | 31.0 million kWh | LPG | 129,000 m ³ | Paper | 18.0 million sheets |
| Heavy Oil*1 | 0.0 kl | LNG | 197,000 m ³ | | |
| Kerosene | 17.7 kl | Water | 100,000 m ³ | Natural Energy*2 | 0.2 million kWh |

Scope: Yamatake Corporation's Fujisawa Technology Center, Shonan and Isehara factories, Yamatake Control Products Co., Ltd. and Taishin Co., Ltd.

INPUT



OUTPUT

| | | | |
|---|---------------|---------------------------------------|-----------|
| Greenhouse Gas (CO ₂) Emissions | 12,990.0 tons | Chemical Substance Airborne Emissions | 14.2 tons |
| Total Discharge of Waste | 1,416.3 tons | SOx Emissions | 11.3 tons |
| Waste for Final Disposal | 12.6 tons | NOx Emissions | 8.7 tons |

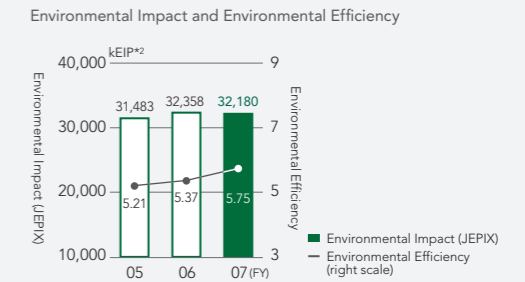
*1 There has been no use of heavy oil since fiscal 2005.
*2 Since natural energy is clean energy, it is deemed to have no environmental impact.

Improving Environmental Efficiency

Aiming for the sustainable development of our environmental-improvement initiatives, we introduced, on a trial basis, an environmental efficiency target from fiscal 2006, ended March 31, 2007. In fiscal 2007, we successfully met and exceeded our target, achieving a 7.0% improvement compared to the target of 4.0%.

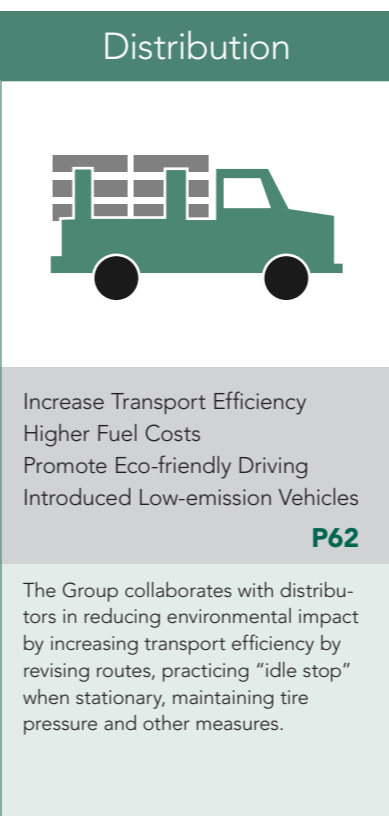
$$\text{Environmental Efficiency} = \frac{\text{Net Sales}}{\text{Environmental Impact (JEPIX*)}}$$

*1 JEPIX: Environmental Policy Priorities Index for Japan (environmental measures priority index)
*2 EIP: Environmental Indicator Point



| | |
|--------------|----------|
| Gasoline*3 | 36.2 kl |
| Diesel Oil*3 | 170.1 kl |

INPUT



OUTPUT

| | |
|---|------------|
| Greenhouse Gas (CO ₂) Emissions | 530.5 tons |
| SOx Emissions | 0.9 tons |
| NOx Emissions | 7.7 tons |

*3 Charter services and services by commissioned transport companies are not included.
*4 Since natural energy is clean energy, it is deemed to have no environmental impact.

| | |
|------------------|---------------------|
| Electricity | 9.7 million kWh |
| Gasoline | 1,398.6 kl |
| Diesel Oil | 20.4 kl |
| Paper | 38.3 million sheets |
| Natural Energy*4 | 0.5 million kWh |

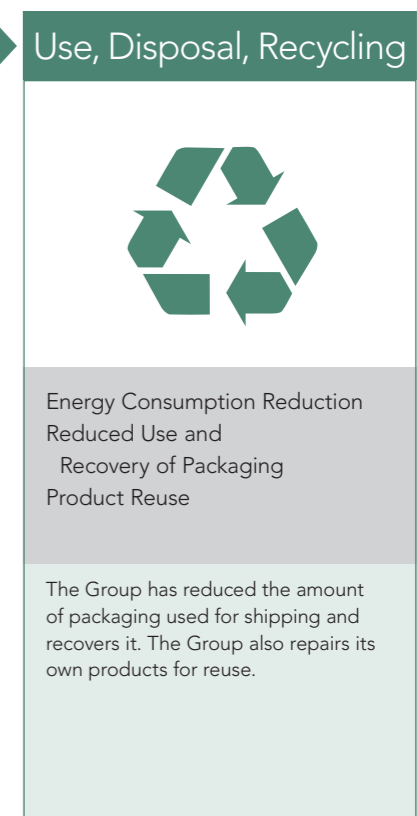
INPUT



OUTPUT

| | |
|---|--------------|
| Greenhouse Gas (CO ₂) Emissions | 6,949.5 tons |
| SOx Emissions | 16.5 tons |
| NOx Emissions | 40.0 tons |

Scope: 140 sales offices of Yamatake Corporation in Japan, Yamatake & Co., Ltd. and Safety Service Center Co., Ltd.



Yamatake engages in environmental preservation activities that are grounded in its environmental charter and environmental policy. Through efforts that revolve around the PDCA (Plan, Do, Check, Act) cycle, we are working to continuously reduce or prevent the environmental impact and risks associated with our business activities.

Environmental Charter and Environmental Policy

The Group sees contributing to the global environment as a paramount issue for management and will continue to pursue environmental preservation activities that contribute to building a sustainable, recycling-oriented economic society. This spirit is summarized in the Group's Environmental Charter. Each Group company has drawn up its own environmental policy based on this environmental charter, and these policies serve as the basis for each of their environmental preservation activities.

For more details, please visit:
<http://www.yamatake.com/csr/eco/group.html>

Framework for Driving Environmental Activities

The Environmental Management Officer plays a central role in promoting environmental preservation activities and reports directly to the President of Yamatake Corporation. This officer oversees all environmental preservation activities and assists the president. The Group Environmental Management Committee serves as the deliberative body that oversees environmental management. The committee drives as well as reviews environmental management planning and has various subcommittees that review common issues in addition to more specialized issues.

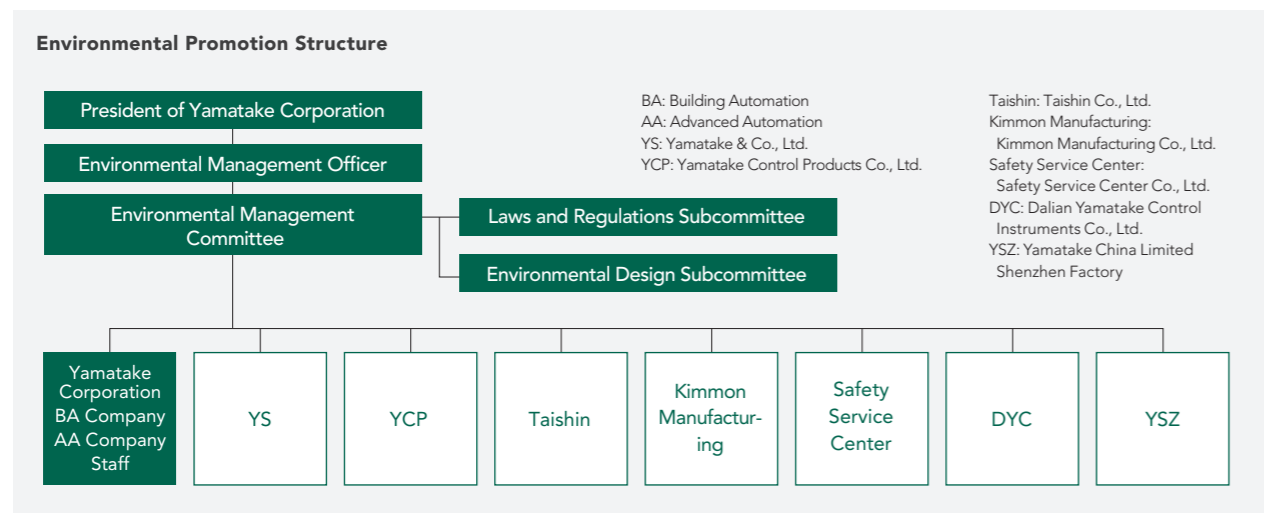
ISO 14001 Certification

In 1996, the Group became the first company in the control instruments industry in Japan to obtain certification, and since then has continued to acquire certification for its various locations in incremental stages. In February 2004, we integrated the environmental management systems of Yamatake Corporation to achieve improvements in administration-level quality and heightened efficiency for control and maintenance. In fiscal 2005, ended March 31, 2006, we expanded the scope to include all offices and operating sites in Japan. We have also been working to obtain certification for locations overseas. In fiscal 2007, Yamatake China Limited was certified.

ISO 14001 Certification History

| | |
|------------|---|
| Aug. 1996 | Yamatake Corporation |
| Sept. 1997 | Yamatake Control Products Co., Ltd. |
| July 2000 | Taishin Co., Ltd. |
| Dec. 2001 | Dalian Yamatake Control Instruments Co., Ltd. |
| Feb. 2004 | Yamatake & Co., Ltd. |
| June 2004 | Yamatake Corp. certification integrated |
| June 2006 | Yamatake Korea Co., Ltd. |
| July 2007 | Yamatake China Limited |

The certifying bodies were as follows: Yamatake Corporation (Lloyd's Register Quality Assurance Limited Japan), Kimmon Manufacturing Co., Ltd. (Japanese Standards Association (JSA)), Dalian Yamatake Control Instruments (China Quality Certification Centre), Yamatake & Co., Ltd. (The High Pressure Gas Safety Institute of Japan), Yamatake Korea Co., Ltd. (DAS Korea International Certification Co., Ltd.), and for others SGS Japan Inc.



Environmental Audit Results: Reviewing the Characteristics of Environmental Auditing Practices

Based on an external audit conducted in fiscal 2007, Yamatake has been able to verify that its environmental management system (EMS) is operated and maintained in an effective manner and is continuously being improved. We conducted a thorough review of EMS with reference to the results of the audit which specified environmental aspects that require improvements. Depending on the operation, themes outside of the paper, waste and electricity field could not be identified, and EMS activities were at a standstill in some cases. We therefore revised the definitions of environmental aspects related to significant impacts, benefits and our business operations, and switched to a framework in which environmental aspects were selected and evaluated in connection with management planning by theme for each operations. As a result, emphasis shifted from paper, waste and electricity to activities that ultimately have a favorable impact on the environment. This has strengthened the connections between ISO and the business operations.

Environmental Regulation Compliance

The Laws and Regulations Subcommittee meets quarterly to discuss important regulatory issues that must be addressed by the Group and to share information concerning regulatory matters. In fiscal 2007, the Group did not violate any laws, was not penalized or fined and was not subject to any litigation or complaints concerning environmental matters. However, there was one instance in which the levels agreed upon with the local community were exceeded with respect to water quality, and we reported this to the relevant authorities and proceeded to make improvements (please see page 65).

Environmental Education

Yamatake believe contributing to the protection of the global environment is a paramount issue, and we proactively raise environmental awareness among our employees and develop organizational activities. For example, we have developed educational programs tailored to our employees' position and roles (e.g., new employee training, training based on job function and factory training) that are designed to raise environmental awareness as well as promote the understanding of our environmental preservation activities. Yamatake also conducts its own training for internal auditors. In fiscal 2007, 176 employees became new internal auditors,

and these individuals are now playing environmental point roles in the workplace. To continue expanding our network of environmental preservation activities overseas, we also provide environmental education as part of the training given to employees before they are posted to overseas units.

Environmental Education Record

| | Course Content | Total No. of Participants | Total No. of Hours Spent |
|------------------|---|---------------------------|--------------------------|
| Employment Stage | New employee training, mid-level employee courses | 162 | 734 |
| Experts | Internal auditor training, management and monitor courses | 260 | 2,505 |
| Factory Training | General environmental courses | 11,609 | 1,866 |

- Records of Yamatake Corporation's Fujisawa Technology Center, Shonan and Isehara factories, Yamatake Control Products Co., Ltd. and Taishin Co., Ltd.
- In fiscal 2007, 18 employees received environmental training before being transferred to overseas operations.

Changing Environmental Auditing Methods: Shifting to Simultaneous Environmental and Quality Audits



Toru Hasuoka
Environmental Protection Section,
Environment & Standardization
Promotion Department

In June 2007, Yamatake revised its auditing methods so that environmental and quality audits can be conducted simultaneously. Up to this point, the scope and nature of these activities under each management system (MS) were different. Audits were conducted separately under three different MS structures, including the MS for environmental activities for the Company as a whole and for quality at each Group company. However, from the perspective of each individual business division, this method was time-consuming as in addition to having to constantly respond to auditing requests the contents of the audits often overlapped. The new auditing methods are being attempted for the first time by an organization of our size, which has created some major challenges for the auditing organization. Nonetheless, we have not hesitated to take our first important steps toward integrating auditing systems in the future.



Seiji Onoki, President and CEO, Yamatake Corporation (left), and Hirofumi Niikura, Lloyd's Register Quality Assurance Limited Japan (right), at the certification ceremony

Yamatake has been compiling environmental accounting reports since fiscal 1999, ended March 31, 2000, to quantitatively assess global environmental conservation costs and the economic and environmental effects of Yamatake conservation activities. We are working to revise and expand the aggregate scope of these activities. Taishin Co. Ltd. was added to the scope of environmental accounting from fiscal 2007.

Results of Fiscal 2007 Environmental Accounting

In fiscal 2007, capital investment totaled ¥221.4 million, down ¥61.4 million from the previous year. In the main categories, conservation cost for investments in energy-reducing equipment to help prevent global warming, and other global environment conservation cost, came to ¥98.6 million. Pollution prevention cost for enacting policies to prevent soil contamination and for treatment and drainage

increased ¥62.3 million, to ¥100.4 million. Meanwhile, expenditures came to ¥915.8 million, down ¥63.7 million, while administration cost increased because Taishin Co., Ltd. was added to the scope of our environmental accounts from this fiscal year. In addition, energy-expense saving through energy conservation was ¥75.9 million, bringing the total economic benefits to ¥136.9 million, an increase of ¥130.0 million overall.

Environmental Conservation Cost*1

| Category | Key Activity and the Outcome | Investment | | | Cost | | |
|--|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | | FY2006 | FY2007 | Change | FY2006 | FY2007 | Change |
| 1 Environmental conservation cost to control environmental impacts which result from key business operations within the business area (Business area cost) | A Pollution prevention cost | 38.1 | 100.4 | 62.3 | 24.1 | 23.5 | -0.6 |
| | B Global environmental conservation cost | 225.2 | 98.6 | -126.6 | 102.4 | 87.8 | -14.6 |
| | C Resource circulation cost | 10.5 | 22.4 | 11.9 | 68.0 | 38.1 | -29.9 |
| | Total of above | 273.8 | 221.4 | -52.4 | 194.5 | 149.4 | -45.1 |
| 2 Environmental conservation cost to control environmental impacts which result from key business operations upstream or downstream (Upstream/downstream cost) | - | 0.0 | 0.0 | 0.0 | 0.4 | 6.2 | 5.8 |
| 3 Environmental conservation cost stemming from administrative activities (Administration cost) | Maintaining ISO 14001 certification, environmental information disclosure, environmental advertising, environmental education, greening and beautification of offices, etc. | 0.0 | 0.0 | 0.0 | 191.8 | 223.4 | 31.6 |
| 4 Environmental conservation cost stemming from R&D activities (R&D cost) | R&D in such fields as the environment and alternative energy | 0.0 | 0.0 | 0.0 | 591.6 | 535.4 | -56.2 |
| 5 Environmental conservation cost stemming from social activities (Social activity cost) | Cleaning rivers, waterfront and other areas | 9.0 | 0.0 | -9.0 | 1.2 | 1.4 | 0.2 |
| 6 Cost incurred for dealing with environmental degradation (Environmental remediation cost) | - | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | | 282.8 | 221.4 | -61.4 | 979.5 | 915.8 | -63.7 |

Economic Benefit Associated with Environmental Conservation Activities*1

| Details of Benefit | FY2006 | FY2007 | Change |
|--|------------|--------------|--------------|
| Disposal cost saving through lower resource input or recycling | 49.5 | 65.4 | 15.9 |
| Energy expense saving through energy conservation | -39.2 | 75.9 | 115.1 |
| Cost saving from reduced resource use (Water) | -3.4 | -4.4 | -1.0 |
| Total | 6.9 | 136.9 | 130.0 |

Environmental Conservation Benefit*2

| Details of Benefit | FY2006 | FY2007 | Change |
|--|----------|----------|--------|
| Electricity (million kWh) | 41.6 | 40.5 | -1.1 |
| Water (10,000 m³) | 9.8 | 10.0 | 0.2 |
| Gasoline/Diesel Oil for Transport (kl) | 1,614.9 | 1,625.7 | 10.8 |
| CO ₂ Emissions (tons) | 2,0867.2 | 20,405.8 | -461.4 |
| Total Discharge of Waste (tons) | 1,573.1 | 1,416.3 | -156.8 |
| Waste for Final Disposal (tons) | 11.8 | 12.6 | 0.8 |

Target period FY2006: April 1, 2006 to March 31, 2007
FY2007: April 1, 2007 to March 31, 2008

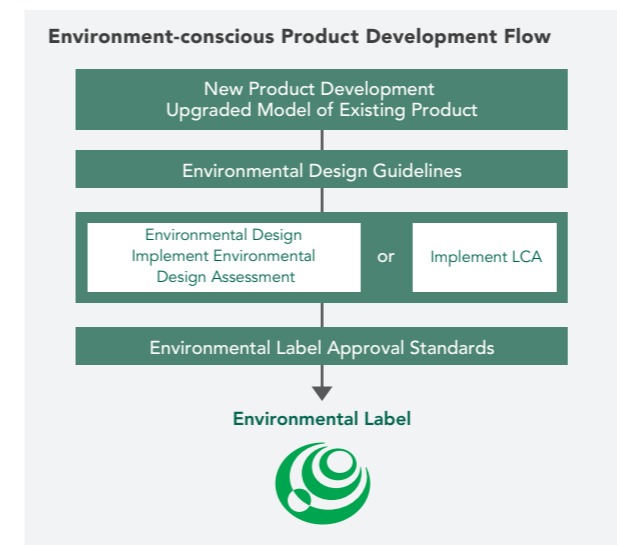
Scope of calculations*1 FY2006: Yamatake Corporation's Fujisawa Technology Center, Shonan and Isehara factories and Yamatake Control Products Co., Ltd.
FY2007: Yamatake Corporation's Fujisawa Technology Center, Shonan and Isehara factories, Yamatake Control Products Co., Ltd. and Taishin Co., Ltd.
Scope of calculations*2 Yamatake Corporation, Yamatake Control Products Co., Ltd, Taishin Co., Ltd., Yamatake & Co., Ltd. and Safety Service Center Co., Ltd.

- Environmental conservation cost is presented in a format equivalent to that given in the Ministry of the Environment's Environmental Accounting Guidelines 2005.
- Since the amounts represent the cost and benefit of activities to reduce the environmental impact, primarily production-related activities, the income and expenses from the environmental business and environment-conscious products and services are not included.
- Capital investment is fully booked in the fiscal year they were made, but are not included in the depreciation expenses calculation.
- Deemed benefit is not included. Economic benefit is limited to actual benefit, such as amounts saved due to reducing energy use.

In 1997, Yamatake formulated environmental design guidelines for easing environmental impact with the aim of creating environment-conscious products and services. In new product development and for our existing product lineup, we actively promote the development of environment-conscious products and services with added performance features and new models throughout their life cycles.

Flow of Environment-conscious Product Development

Limiting environmental impact requires stringent environmental assessments at all stages of a product's life cycle, from the early development, planning and design stages through to materials procurement, production, distribution, marketing, use and final product disposal. All of our new products and other offerings undergo a thorough environmental design assessment, and we are building the mechanisms for life cycle assessment (LCA) as a basic principle behind product design, development and use. Products that satisfy or exceed LCA standards are designated as environment-conscious and acquire the self-declared Type II Environmental Label.



LCA (Life Cycle Assessment) Initiatives

In fiscal 2007, ended March 31, 2008, Yamatake developed an internal LCA manual for deciphering and understanding ISO14040: 2006 and ISO14044: 2006 designations for international LCA standards, and plans to hold LCA seminars and further disseminate information on LCA standards in fiscal 2008. In addition, we will compile basic policies and standards as LCA guidelines for formulating LCA profiles.

Environmental Design Assessments

The Group has been using environmental design guidelines for developing environment-conscious products and upgrading the performance features of its existing products since 1997. Products are assessed for their environmental design in eight categories*1 and then appraised based on

the extent that they have improved in four categories in comparison with existing products. In the fiscal year under review, new LCA assessments were incorporated into the process and standards were tightened for chemical substances and energy conservation. As a result, the overall average improvement*2 was 16.2%. The Group made notable progress in complying with requirements for reducing toxic chemicals under the European Union's Restriction of Hazardous Substances (RoHS) directives and in satisfying other regulations and achieved a 29.6% score under environmental safety measures. Moreover, energy conservation improved 18.4%.

*1 Reusability and recyclability; disposability; environmental preservation; resource conservation; energy conservation; length of service; packaging material; and information disclosure
*2 Overall improvement denotes the simple sum of environmental assessment results for Group companies and does not denote a Groupwide improvement rate.

Results of Overall Assessment in fiscal 2007



Environmental Labeling

Yamatake introduced a certification system for environmental labeling that complies with international ISO14021 standards in April 2001 and actively discloses environment-related data on its products to customers. The Group uses the self-declared Type II Environmental Label.

Environmental Labeling Standards

- Products must be better than current products in at least one of the areas below, based on the environmental design assessment:
- Improvement of 30% or more in each category and a positive overall evaluation
 - Improvement of 10% or more in the overall evaluation



Building and promoting chemical substance management mechanisms is essential in order to comply with the European Union's RoHS directives^{*1}, REACH directives^{*2} and other regulations governing chemical substances in products. Toward this end, the Group has revised its green procurement practices and clearly defined and developed chemical substance management mechanisms.

^{*1} Restriction of the use of certain Hazardous Substances in electrical and electronic equipment.
^{*2} Regulation concerning the Registration, Evaluation, Authorization and Destruction of chemicals.

Building Mechanisms for Managing Chemical Substances Used in Products

Activities for managing products that contain chemical substances must extend not only across the breadth of the Group but also over its entire supply chain as well, including its procurement practices for components, products and basic materials. Yamatake has revised its written criteria for green parts and materials supply under its green procurement guidelines and disclosed new guidelines for chemical substance management in order to construct management mechanisms for chemical substances covering all Group companies as well as its customers and business partners. In addition, we have clarified written criteria for regulating chemical substances in packaging materials. Looking ahead, based on these guidelines the Group will apply management mechanisms for chemical substances to all of its operations, including supply chains. We will work together closely with customers and business partners and continuously seek their understanding through our ongoing efforts to refine and revamp the system.

Yamatake's Green Procurement Guideline can be viewed at: <http://www.yamatake.com/csr/eco/green.html>

Broadened Regulations Governing Chemical Substances and Products

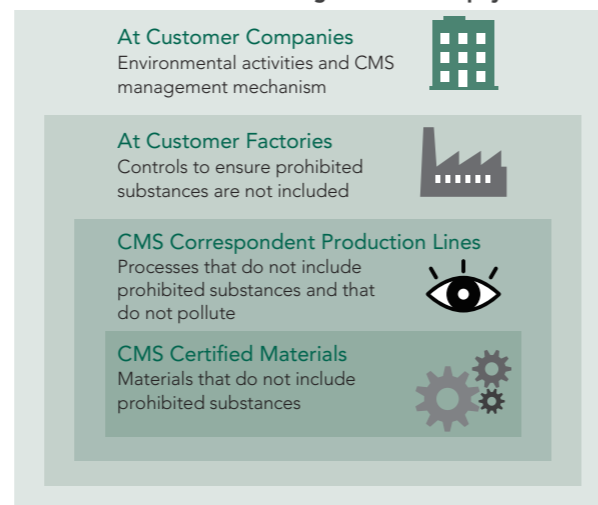
In fiscal 2007, ended March 31, 2008, the Group added chlorine-based organic solvents and other chemical substances to its list of substances prohibited from use in production and assembly processes that had been revised in fiscal 2006, for managing and reducing chemical substances. These substances are excluded from use by the Group as well as its business partners, which helps enhance worker safety and hygiene on the production floor. We plan to review our regulations in conjunction with the list of candidates of chemical substance management that is slated for disclosure under the European Union's REACH directives.

Green Procurement Survey: The Yamatake Eco Program (YEP)

Yamatake assesses the green procurement survey of its business partners and suppliers to supply environment-conscious products and services to expend green procurement to a broader realm, we help our business partners and suppliers through the Yamatake Eco Program (YEP), which is based on the Eco Action 21 program developed by the Ministry of the Environment. The program is mainly comprised of employees who served as the contact

representatives with suppliers. A total of 22 employees had finished training as of March 31, 2008 as YEP instructors. In fiscal 2007, 39 companies newly registered for YEP, which makes for a total of 64 participating companies since the program was introduced in fiscal 2005.

Our Chemical Substance Management Philosophy



CMS: Management systems for chemical substances included in products

Yamatake Eco Program (YEP) Instructors



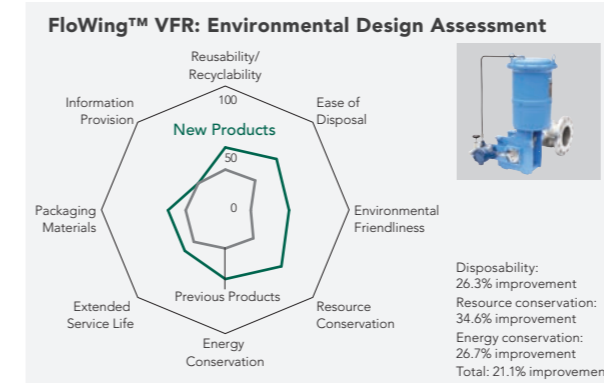
YEP instructors provide suppliers and business partners with direct consultations, offering support and advice for their environmental activities. Many of these business partners are small and medium-sized companies, and it is sometimes difficult for them to operate under the PDCA cycle. We guide them through the process while also focusing on lowering costs. Evaluations have positive external benefits for our business partners and suppliers, and we can clearly see the positive results that ensue. We hope that YEP activities encourage business partners to seek the next level in acquiring public certification and achieving other higher standards. One issue is to enhance our skills as YEP instructors. Looking ahead, we want to continue promoting environmental conservation activities in conjunction with our business partners and suppliers.

Yamatake would like to introduce some of its main products that have shown particular improvement and also meet environmental labeling standards in environmental assessments.

For more details, please visit: <http://jp.yamatake.com/csr/eco/hairyo.html> (Japanese)

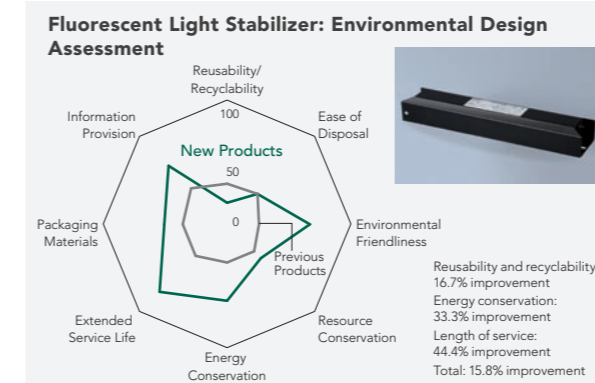
FloWing™ Eccentric Rotary Control Valve (VFR)

The FloWing™ VFR is a control valve that has a rotary plug with stabilizer wing, and features large capacity and wide rangeability. It has high resource- and energy-conservation capabilities because it is smaller and lighter than globe control valves and reduces air consumption. High differential pressure-type VFR can be applied to high-pressure fluid by changing the port area. As a result, VFR further improves resource- and energy-conservation capabilities.



Fluorescent Light Stabilizer with Dimming Capabilities*

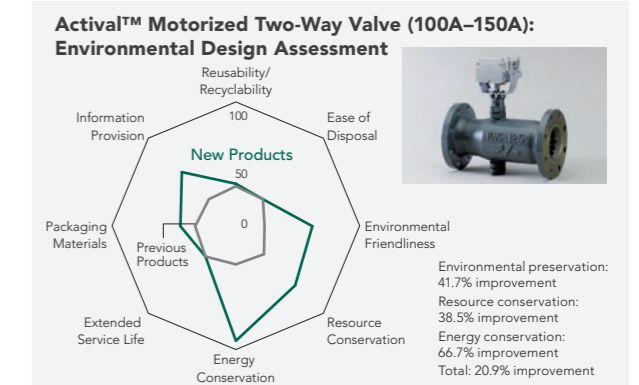
Changing the light stabilizers that are required for keeping fluorescent lights burning steadily is an important way to reduce energy use from lighting. This stabilizer is made of copper and steel and lasts more than 50% longer than current electronic stabilizers. A high-precision device built to resist high-wave harmonic noise, it is also the first copper-steel stabilizer in Japan with light-dimming functions, reducing energy needs up to 40%. The priorities ahead will be making the device lighter, incorporating it into systems and enhancing its capabilities in other ways.



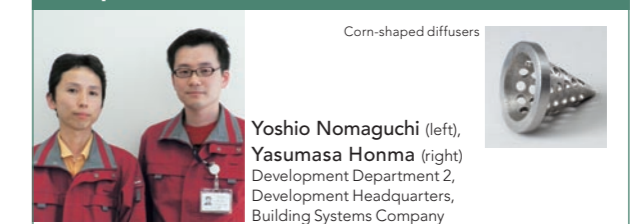
* This product is handled only in Japan

Actival™ Motorized Two-Way Valve, for High Differential Pressure Application Series (VY51)

Using original corn-shaped diffusers, Actival™ can reduce erosion caused by cavitation from problems with control valves that result from intense high-differential pressure over long periods in air-conditioning and heating circulation. Compared with established globe control valves, volume is approximately 50% less, and the smaller drive-force needed than with established globe control valves—along with diminished driving power required for valves—thereby cutting electricity consumption more than 80% (100A–150A). Moreover, valves and actuators are integrated and miniaturized, which saves resources and space.



Role in Developing High-Differential Response Series (VY51)



We have been working to develop products that can be used in intense air-conditioning and heating conditions under high-differential pressure. After testing theories and experimenting with trial-and-error on ways to improve the basic structure of products for preventing driving forces and erosion that results in cavitation from high-differential pressure, we are finally having success in developing environment-conscious products that conserve energy and resources. Looking ahead, these products will be used in many plants—in Japan as well as overseas—and we hope they make important contributions in reducing environmental impact.

Policies for energy conservation in order to contribute to the prevention of global warming continue to be one of Yamatake's leading priorities. We are setting new targets for energy use, including measures for our production lines and our own vehicles, as we redouble efforts to address the problem of global warming.

Achievements in Reducing Carbon Dioxide Emissions and Future Reduction Targets

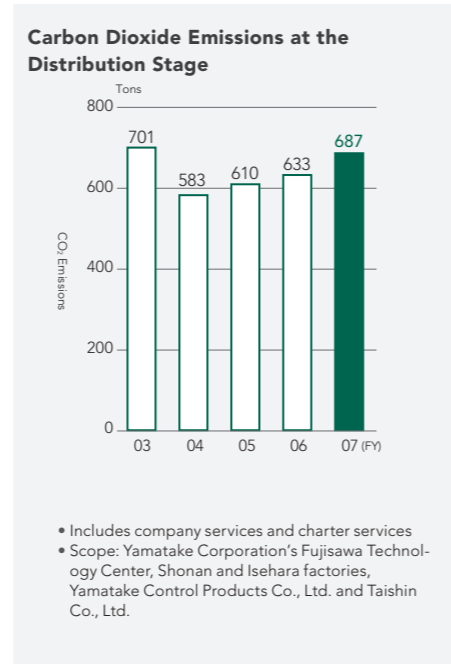
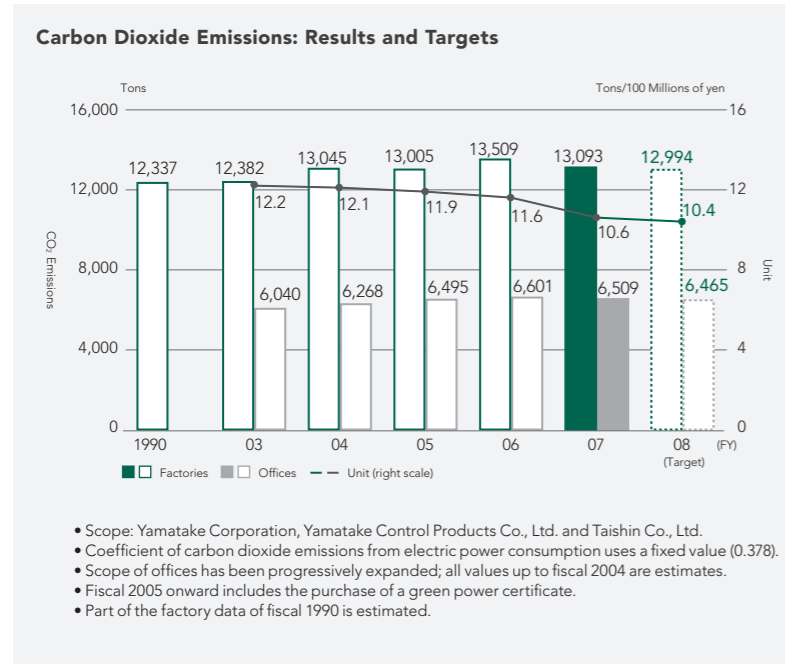
The Group has enacted a series of measures since fiscal 2005, ended March 31, 2006, to transform its underlying business foundations by relocating head office functions, integrating sales offices, consolidating R&D and engineering operations and realigning production sites in the Group. We broadened these initiatives in fiscal 2007 to gain a more precise understanding of energy use (electricity, gas, lighting and other power sources) at all Yamatake offices, including those belonging to tenants, and at production companies in the Group, and of vehicle fuel consumption. In fiscal 2007, a greater awareness of levels of energy consumption Groupwide and the benefits from the initiatives to consolidate factories and offices noted above contributed to reducing total energy consumption of 2.5% year on year. Moreover, energy consumption improved 8.4% on a unit sales basis over fiscal 2006.

The Group steadily reduced carbon dioxide emissions through fiscal 2003, principally by cutting air-conditioning, lighting and other energy needs at its production facilities. However, even though unit energy costs improved as production and other operations expanded, carbon dioxide

emissions increased. Consequently, in conjunction with our established policies we radically rethought our strategies for attaining medium- and long-term targets and revamped policies for fiscal 2007, setting new overall goals for reducing energy use. We are revamping policies for production facilities and production in ways we did not fully consider before, including switching to fuel-efficient vehicles and promote eco-friendly driving practices.

Carbon Dioxide Emission Reductions in Logistics

Yamatake first began grappling with the issue of energy use in logistics in 2002, and has gradually expanded the scope of its understanding and worked to refine its assessments. Given that most logistics are outsourced to transportation companies, our efforts are centered on fine-tuning delivery routes, improving loading, revising packaging materials and other improvements in cooperation with transportation companies. However, distribution volume increased 8% year on year in fiscal 2007 as production increased. Our total distribution volume was 3.5 million ton kilometers in the fiscal year, meaning that the Company was not classified as a specialty shipping enterprise—a company shipping 30 million ton kilometers or more.



Energy Conservation Activities at AAC's Kyushu Branch



Hiromi Takahara
Business Section,
Kyushu Regional
Division, Advanced
Automation Company

One important way to prevent global warming is through air-conditioning control measures. Since fiscal 2005, ended March 31, 2006, we have been aiming to reduce energy consumption from air-conditioning. We have strictly adhered to a policy of keeping indoor air temperature at no less than 20°C in warm periods and no more than 28°C in cool periods and taken other steps to conserve energy and make better use of resources. For example, we make simple hot-water bottles by putting boiling water in empty plastic containers to keep us warm in winter and use fans and folding fans for staying cool in the summertime. These efforts resulted in a 20.3% reduction in electricity use in fiscal 2007 compared with the previous year, and energy-conservation policies are showing tangible gains. Under the catchphrase "We're not stingy, we're eco-minded" we are all working together to conserve energy and to contribute to the environment.



Signs displaying temperature settings to lead to energy conservation
暖房は20℃に!
冷房は28℃に!
みんなで止めよう温暖化

Energy Conservation Activities at Taishin Co., Ltd

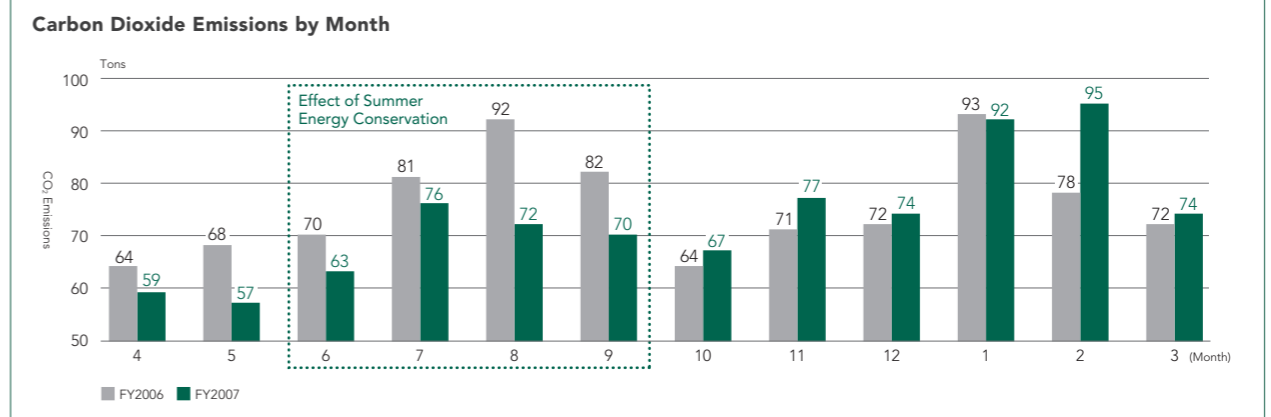


Shigeaki Nakamura
Planning Group,
Administration Section,
General Affairs Division,
Taishin Co., Ltd.

We have been adopting ideas from the Environmental Committee, composed of office workers and engineers, and are independently working to conserve energy in a number of different ways. For example, reflow air heaters, used in soldering, heat the surrounding area and adversely affect air cooling systems in the summertime, so we wrap plastic picnic sheets around them for insulation and heat conservation. This cuts our air-conditioning load in the summertime. In the winter, we let the heat escape into the room, which reduces heating costs and resource needs. In August 2007, as part of the Yamatake Taishin Carbon Dioxide Reduction Project, we replaced leaking joints and installed new air pipes for reducing wasteful air compression. Meanwhile, the Shinshu Energy-Conservation Patrol Group pointed out to us that our power supply transmission for compressors was overloaded, so we quickly idled one compressor for safety reasons, and this has reduced our energy consumption by a surprisingly large amount. Also, we are blessed with abundant water supply in the surrounding area, so we sprinkle water on roofs in the summertime to reduce indoor temperatures. These energy-conserving practices reduced our energy use 3.4% from the previous year. The results of our energy-conservation measures are reported to all employees once a month at the morning assembly, and all of us are making concerted efforts to cooperate in reducing energy. We plan to reduce energy use at clean rooms and in the remaining reflow tanks, and put screens around our outdoor equipment as part of upcoming efforts.



Reflow air heater with insulation



Business activities themselves have an impact on the environment, but Yamatake places importance on furnishing products, services and solutions to its customers that minimize the use of resources to the greatest extent possible. We are striving to reduce the use of resources and curtail waste to build a society with recycling as an integral part of its foundations.

For more details, please visit: <http://www.yamatake.com/csr/eco/perform.html>

Results in Waste Reduction

The waste generated at our factories and offices is carefully sorted by material and type. We are currently rethinking the way we collect waste and thoroughly educating our employees in waste separation methods to ensure that all resources are reused and recycled.

In fiscal 2007, ended March 31, 2008, our recycling rate was 99.1%, reaching its uppermost limit at a number of factories. The total volume of waste has fallen in the wake of moves to restructure and relocate offices and factories, which caused a temporary surge in volume. We will continue focusing resources on curtailing waste.

Reducing Paper Use

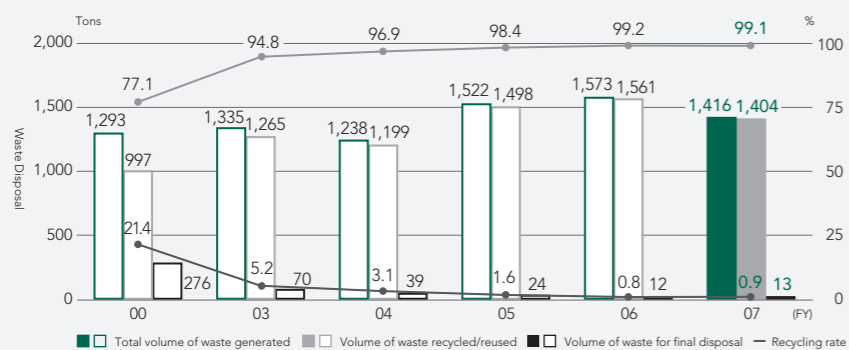
Yamatake is making concerted efforts to reduce the use of paper at all of its offices through information technology (IT) activities. We are stepping up the use of common Group-wide electronic bulletin boards for sharing data and electronic reports and are developing owner's manuals and

product specifications in electronic form. In fiscal 2007, we worked actively to curtail the use of paper. Volume declined only 2.1% compared with our aim of a 5% reduction, but volume was down 8% on a unit sales basis. Increased paper-material deliveries to suppliers is a significant factor, and going forward we will coordinate with customers to push forward long-term efforts for reductions.

Reducing Water Use

Water is a precious resource. Yamatake has enacted various water-conservation measures and is promoting the use of pure water and cold water recycling as part of initiatives to reduce consumption. Since our strategies in the past have successfully cut water use, our aim for the time being is to keep volume from rising. In fiscal 2007, water volume rose marginally, but this reflected a move by tenants (and utility costs) to the Company's own buildings as offices were consolidated. Water used did not increase.

Waste Disposal and Rate of Recycling/Reuse



- Scope: Yamatake Corporation's Fujisawa Technology Center, Shonan and Isehara factories, Yamatake Control Products Co., Ltd. and Taishin Co., Ltd.
- "Total Volume of Waste Generated" is the total for industrial waste and non-industrial waste.
- In addition, wastewater processed by an outside contractor of 374 tons was generated. (This wastewater was generated by Fujisawa Technology Center in its operations and exceeded benchmark levels. Please see page 65 "Preventing Water Pollution," for details.)

Recycling Used Uniforms, Eco Goods and Other Items



Tatsuo Ishii (left)
Salary and Social Welfare Section,
Human Resources Department
Ayako Nagayama (right)
Environmental Protection Section,
Environment & Standardization
Promotion Department

Recycled eco goods



In October 2007, all Group companies adopted the same uniform design and styling. The discarded uniforms (37,000 items, weighing 15 tons) were recycled as material used for reusable shopping bags, work gloves or other eco goods, and leftover materials were turned into waterproof sheets for construction sites. As a result, we have been able to reduce waste. Eco goods are not only distributed and sold to employees but are also used in many ways to help communities, including use in forest conservation and beach cleanup, and for environmental education in elementary schools. All the electricity required for producing eco goods comes from green sources.

Yamatake makes concerted efforts to prevent atmospheric, water and soil pollution with the aim of minimizing the environmental impact of its production activities. We periodically analyze and measure gas emissions and wastewater and maintain and manage equipment for eliminating pollution. Moreover, we make sure that chemical substances are adequately managed and promote safe alternatives for them, and provide our employees with training in environmental auditing and emergency response.

Preventing Atmospheric Pollution

Yamatake stopped using boilers and other specific equipment damaging to the atmosphere in fiscal 2005, ended March 31, 2006, and has completed the removal of fuel tankers and other equipment harmful to the air.

Dichloromethane, a degreasing detergent, removes toxins from equipment and controls the density of exhaust fumes. Substitutes for dichloromethane are being incrementally introduced for different types of cleaning equipment as safer substitutes (water, semi-water and hydrocarbon cleaning solvents for each production process).

As a result, dichloromethane use declined 70% year on year in fiscal 2007 amid ongoing efforts to completely eliminate the chemical at production facilities.

Preventing Water Pollution

Yamatake adequately cleans wastewater from its factories and from their kitchens and other facilities and then releases it back into the public waterways. Wastewater is periodically analyzed and continuously monitored for quality.

For treating wastewater at the Fujisawa Technology Center, in August 2007 Yamatake stopped using a method for washing air-cleaner cells that led to it exceeding the levels agreed upon with the local community for biochemical oxygen demand (BOD) established by the Fujisawa municipal government.

However, BOD measurements exceeded the agreed upon levels (15mg/l, maximum 20mg/l) during testing of new wastewater treatment facilities in September. It is difficult to fully eliminate BOD in wastewater processing and continuous measurement of minute BOD levels is also problematic, so we have responded by using patch treatments (or treating only excessive BOD). Meanwhile, we are consistently strengthening our management oversight and looking into new methods for ongoing surveillance.

Soil Contamination

Following the building of new testing facilities at the Fujisawa Technology Center, Yamatake had the soil analyzed at the site where the old facilities were dismantled. We identified small amounts of lead (0.016mg/l versus the 0.01mg/l permissible standard), arsenic (0.012mg/l versus 0.01mg/l) and fluorine (0.8mg/l versus 1.1mg/l) in samples of surface layers taken from part of the area. After reporting these findings to the Fujisawa municipal government, the soil was then treated and improved.

Finding Substitutes for Dichloromethane Degreasing Detergent



Takahiro Horie
Shonan Production Engineering Department,
Advanced Automation Company

Yamatake is completely eliminating the use of dichloromethane for cleaning metal parts after machining and parts before assembly and in tool cleaning. Complementing our initiatives so far, we have set our sights on enhancing environment-conscious practices, safety and productivity, and have become more selective about applying the correct cleaning methods for each particular component and about the kinds of liquid solvents we use. Cleaning materials are repeatedly tested and evaluated for quality as we work to improve them for our equipment. By shifting to water- and hydrocarbon-based solvents and other substitutes, we succeeded in completely eliminating the use of dichloromethane in fiscal 2008.

Compliance with PRTR Law*

PRTR-designated substances that the Group uses one ton or more of annually are shown below.

*The Pollutant Release and Transfer Register (PRTR) Law promotes improved measurement and management of emissions into the environment of designated chemical substances.

| Office or Factory | Designated Substance | Tons | | | | | | | |
|---------------------------------------|----------------------|--------------|--------------|--------------|-----------------------|--------------------------|----------------------|-------------------|---------------------------|
| | | FY2005 Usage | FY2006 Usage | FY2007 Usage | Atmospheric Emissions | Water and Soil Emissions | Transported as Waste | Landfill Disposal | Transported for Recycling |
| Yamatake Corporation's Shonan factory | Dichloromethane | 19,500 | 15,000 | 4,500 | 3,050 | 0 | 0 | 0 | 1,450 |
| | Toluene | 6,500 | 7,480 | 7,170 | 7,170 | 0 | 0 | 0 | 0 |
| | Xylene | 3,130 | 4,050 | 4,040 | 2,830 | 0 | 1,210 | 0 | 0 |
| Yamatake Control Products Co., Ltd. | Toluene | 1,289 | 1,219 | 1,268 | 0.899 | 0 | 0.369 | 0 | 0 |
| | Xylene | 1,614 | 1,841 | 1,624 | 1,128 | 0 | 0.49% | 0 | 0 |
| | Lead | 6,605 | 3,090 | 2,983 | 0 | 0 | 0 | 0 | 1,203 |

Reporting requirement did not apply to Yamatake Corporation's Fujisawa Technology Center, Isehara factory and Taishin Co., Ltd. (Use of PRTR-designated substances was less than one ton annually.) All lead is from soldering. An amount used for products was 1,780 tons.