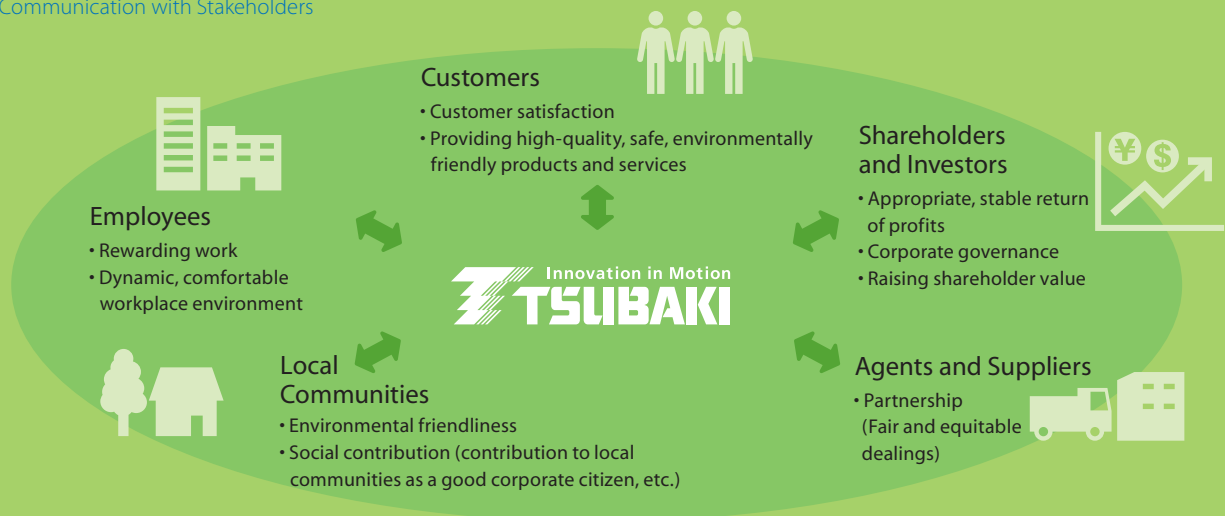


The Tsubaki Group's CSR

The Tsubaki Group has a fundamental policy for social contribution activities of "contributing to the development of society and the economy through manufacturing activities that satisfy customers." On that basis, we will work to meet the expectations and earn the trust of stakeholders through communication activities.



Communication with Stakeholders



The Tsubaki Group will fulfill its social responsibilities as a corporate citizen by complying with laws, regulations, and ethical behavior standards; actively disclosing information; supporting environmental conservation; and contributing to local communities.

Management System

The Tsubaki Group strives to realize the “global best” strategy under a management system that targets rapid business development.

Corporate Governance System

To achieve sustained growth in a rapidly changing environment, companies need to make decisions and formulate strategies quickly and accurately and to implement business activities smoothly.

Accordingly, we maintain a comparatively small Board of Directors with six members. This system facilitates quick responses to a rapidly changing operating environment. Conversely, the Company's 15* executive officers have extensive experience in their operational areas, and they utilize their specialized knowledge and skills to achieve smooth operational implementation.

* Of the 15 executive officers, 4 are also directors.

Utilizing Outside Resources

To realize impartiality, objectivity, and oversight for management, Tsubakimoto Chain's six directors include one outside director, while two of the Company's four corporate auditors are outside corporate auditors.

We maintain management transparency by disclosing information in a timely and appropriate manner. Moreover, we do not simply release information; we take positive steps to achieve two-way communication by paying careful attention to feedback.

For example, through biannual results presentations, plant tours, and small meetings, we are taking steps to increase the opportunities for direct communication between the capital markets and the Group's officers and key employees.

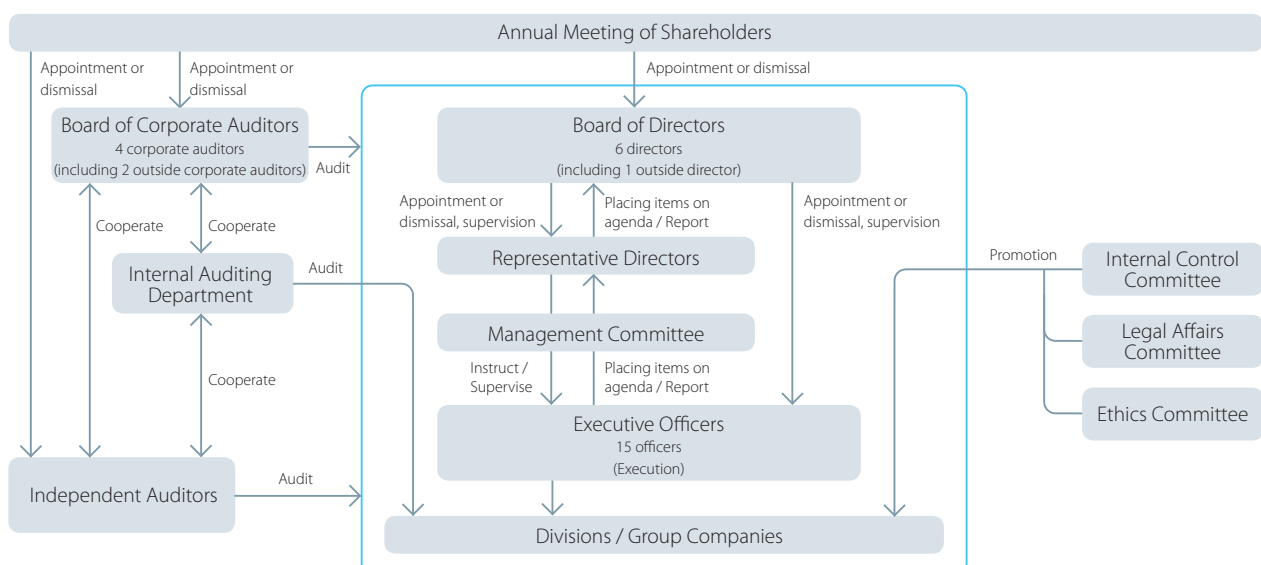
We also hold informal discussions between Group officers and shareholders after the conclusion of the annual meeting of shareholders. In this way, the Company does not simply report and

explain information to shareholders in a one-way process, but rather strives to hold dialogues with shareholders while receiving their feedback.

Internal Control

The Tsubaki Group has formulated basic policies on internal control and internal control regulations, and the Group is implementing internal control activities in three areas: (1) internal control activities stipulated by the Company Act, (2) internal control activities stipulated by the Financial Instruments and Exchange Act, and (3) internal control activities voluntarily carried out by the Tsubaki Group. Through these activities, we are achieving compliance with laws, regulations, and corporate ethics while also steadily implementing risk management. These activities also ensure the reliability of our financial reporting and promote increased operational efficiency.

Corporate Governance System



Maintaining Corporate Ethics

For the Tsubaki Group, corporate ethics entails not only compliance with laws and regulations but also respect for social norms.

In 2002, the Tsubaki Group established the *Corporate Work Ethics / Guidelines for Ethical Conduct*. These are Groupwide guidelines to ensure that all officers and employees comply with laws and regulations and act in a fair and sincere manner. At overseas bases, these guidelines are revised in accordance with local laws, regulations, and social systems. In these ways, the Group is working to enhance its compliance promotion systems.



Tsubaki Corporate Ethics Handbook (domestic edition, overseas editions)

Strengthening Compliance

We have set up ethics helplines to prevent any law or internal regulation from being violated. We offer both in-house and external ethics helplines to employees to easily provide information or seek advice.

To foster a greater awareness of corporate ethics, since fiscal 2004 we have implemented training for employees, and since fiscal 2006 the Tsubaki Group has designated every February as “Strengthening Corporate Ethics Month.”

Strengthening Personal Information Protection and Information Security

In April 2005, we established our *Policy for Protecting Personal Information* and *Regulations for Handling of Personal Information*, and we have continued working to protect personal information. In addition to ongoing training for employees, we are also taking such steps as periodic implementation of internal audits. In these ways, we are working to increase the effectiveness of our protection of personal information.

Moreover, since fiscal 2006 the Group has been implementing a series of measures to strengthen security, such as revising regulations on the handling and storing of confidential business information, acquiring non-disclosure and confidentiality agreements, and updating electronic information security regulations.

Board of Directors, Corporate Auditors, and Executive Officers

(As of June 29, 2010)



Isamu Osa

President and Representative Director



Makoto Kanehira

Director and Senior Managing Executive Officer
Headquarters Operations / Development & Technology / Management of Technology (MOT) / Tsubaki Techno School / Chief Engineer / Osaka Office



Tadashi Ichikawa

Director and Senior Managing Executive Officer
Chain & Power Transmission Operations / Chain Division / President, Tsubaki Emerson Co. / Global Best Development / Kyoto Plant / Hyogo Plant



Toru Fujiwara

Director and Senior Managing Executive Officer
Automotive Parts Division / Global Best Development / Saitama Plant



Yohei Kataoka

Director and Managing Executive Officer
Materials Handling Division / Global Best Development



Hidetoshi Yajima

Outside Director

Corporate Auditors (Standing)
Masahiro Takemura
Jiro Miyamoto

Corporate Auditors (Outside)
Masaru Tokuda
Takafumi Watanabe

Senior Managing Executive Officer
Yoshinobu Miyazaki

Managing Executive Officers
Tadasu Suzuki
Masato Kondo
Yoshikazu Kitayama
Toshio Takahashi
Katsuhiko Mio

Executive Officers
Shigeya Tsubakimoto
Toshimitsu Sakai
Hideaki Haruna
Masaya Ushida
Tetsuya Yamamoto

CSR Activities

We will work to build relationships of trust with society in accordance with a fundamental policy of contributing to the development of society and the economy through manufacturing activities that satisfy customers.

Together with Suppliers

"Providing the best value to customers around the world." In accordance with this mission statement, we consider meeting the expectations of customers and building relationships of trust with them to be one of our most important challenges.

Quality Assurance System and Quality Management

The Tsubaki Group has instituted a Companywide quality policy of "zero quality defects," and we are implementing a variety of activities to achieve that goal.

To provide products, technologies, and services that are safe and offer superior quality, the Companywide Quality Committee meets once a month, with the president serving as the chief quality assurance officer. This committee has overall responsibility for quality on a Groupwide basis. We are working to ensure that various departments have a common awareness of quality issues and to foster the resolution of those issues. In addition, at each Group worksite, we have built quality management systems based on the ISO 19001 standard. Through the effective operation and continual improvement of these systems, we are working to provide a stable supply of higher-quality products, thereby increasing customer satisfaction.

Moreover, to strengthen our foundation as a manufacturing company, in April 2010 we began to implement *dantotsu*



Dantotsu activities at U.S. Tsubaki's Chicopee Plant

activities for all manufacturing companies in Japan and overseas. (For more information, please see page 14.) Through these activities, we are working to thoroughly enhance quality and raise productivity, and we also expect to achieve significant progress in training and technical education.

Mutual Development with Cooperating Companies (Suppliers)

Partnerships with cooperating companies (suppliers) are the foundation of high-quality manufacturing at the Tsubaki Group. Working together with cooperating companies in Japan and overseas, we implement procurement activities in accordance with our basic procurement policies. In this way, we strive to procure high-quality parts, materials, and equipment in a wide range of fields in a timely manner. Through fair and equitable transactions, we endeavor to foster mutual development from a long-term viewpoint.

Tsubaki Basic Procurement Policy

1. Fair and Equitable Dealings
2. Developing Relationships of Mutual Trust
3. Promotion of Developmental Procurement
4. Legal Compliance (Safeguarding of Confidential Information)
5. Prioritizing the Environment (Green Procurement)

Tsubakimoto Cooperates with Osaka Prefecture University to Produce Automatic Plant Cultivation System for Exhibit at Expo 2010 Shanghai China

Tsubakimoto Chain and Osaka Prefecture University cooperated to create a miniature model of an automated plant cultivation system that is displayed at the Osaka Pavilion at the Expo 2010 Shanghai China.

This next-generation plant cultivation system features automation of the work of watering and transplanting seedlings. The Company produced the system in accordance with a request from the University. With small amounts of nutrient water and artificial light, such as from LEDs, lettuce and other plants were ready to be harvested in about half the time that is normally required. The cultivation equipment includes a multiple

shelf system that moves shelves so that plants are in the optimal position in accordance with their stage of growth. The system also facilitates the thinning of the seedlings with robot hands. Tsubaki technology and products are utilized in the shelf ascent / descent equipment and the robot.



Automated plant cultivation systems automatically adjust light, temperature, moisture, carbon dioxide, and nutrients (fertilizer) without the use of agricultural chemicals. This system has drawn considerable attention for its ability to support stable cultivation in any climate or location.

Together with Shareholders and Investors

As a responsibility to shareholders, the Tsubaki Group has formulated a Disclosure Policy. The Group places priority on information disclosure and works to implement disclosure in a manner that is timely, fair, accurate, and ongoing. We are working to increase management transparency for shareholders and investors through aggressive investor relations (IR) activities.

Enhancing IR Activities

Tsubakimoto Chain provides explanations of the management situation through results presentations, which are held twice a year for institutional investors and securities analysts, as well as through individual visits and plant tours. The president is the main speaker at results presentations, which are also attended by the leaders of each department. At these presentations, we provide an overview of results and explanations of management strategies. Materials from the results presentations are also made available on our web site, and we continue working to ensure equitable and timely information disclosure.

Moreover, as a venue for communications activities for individual investors, we also participate in IR fairs for individual investors. At the Nikkei IR Fair 2009, which was held at Tokyo Big Site in September 2009, we had an exhibit that introduced the Group's business activities and management policies. In addition to product displays and a mini-presentation held at our booth, Company officers made a presentation at the main venue and worked to foster a greater understanding of the Tsubaki Group.

We strive to ensure that these IR events are more than just the one-way presentation of information from the Company. Rather, we endeavor to realize two-way communications through Q&A sessions and exchanges of opinion.



Results presentation for institutional investors and securities analysts



Nikkei IR Fair 2009

Explanation of Medium-Term Management Plan 2012 at General Meeting of Shareholders

The Company held its 101st general meeting of shareholders on June 29, 2010. At this year's meeting, we included an explanation of the Medium-Term Management Plan 2012, a three-year plan that got underway in fiscal 2010, and we worked to deepen the understanding of the Company's business activities.

In addition, after the conclusion of the general meeting of shareholders, as a venue for communication among shareholders and the Company's officers, we held a shareholders' panel discussion, set up a display that introduced the Group's products at the meeting site, and took steps to foster an enhanced understanding of the Company's products and technologies.



Product display at shareholders' panel discussion meeting

Disclosure of Information on the Company's Web Site

On its web site, the Company strives to promptly make available information that is needed to make investment decisions, such as press releases, financial statements, and results presentation materials. The Company provides this IR information in Japanese and English and strives to provide fair disclosure of information to investors in Japan and overseas.



Tsubaki Group IR web site
<http://tsubakimoto.com/ir/>

Together with Local Communities

To ensure that each employee contributes to the fulfillment of the Company's social responsibilities as a good corporate citizen, the Tsubaki Group is actively implementing social contribution activities closely linked to local communities. These activities are centered on fostering exchange with local communities, building harmonious relationships with local communities, and supporting youth development activities.

Fostering Exchange with Local Communities

As a member of regional society, the Tsubaki Group is an earnest participant in local community activities.

We provide a variety of cooperation and support for regionally sponsored events, such as setting up booths, offering the use of our parking lots, opening up grounds and tennis courts for the use of people from the local community, and providing support for fire prevention initiatives, such as through participation in private fire-brigade training events.

In fiscal 2010, we participated in a number of events sponsored by local municipalities, such as the Kyotanabe City Business Fair and the Nagaoka City Environment Fair. We worked to foster a deeper understanding of the Group's business activities and environmental initiatives among local people.

In addition, Group employees actively participated in local festivals and sporting events, thereby deepening its exchanges with local communities.



Introducing the Company at the Kyotanabe City Business Fair (Kyotanabe Plant)

Building Harmonious Relationships with Local Communities

"We strive to be a plant that is a good community citizen and is well-regarded by its neighbors." At the Tsubaki Group, in order to protect the natural environment in the areas around our plants and to coexist harmoniously with local communities, we are working to "green" our plants while simultaneously implementing rigorous plant wastewater and noise and vibration countermeasures. Also, community beautification activities are periodically implemented as

volunteer employee activities, and we also participate in community-sponsored cleanup activities. As one facet of our community environment conservation initiatives, we are steadily implementing a range of activities. For example, Tsubakimoto Custom Chain has established "don't drive to work" days, and at our subsidiaries in Thailand we participate in a mangrove reforestation project.



Cleanup activities near the plant (Saitama Plant)



Mangrove reforestation activities (Thailand)

Supporting Youth Development Activities

As a manufacturer, we want to communicate to children the fun and the exciting challenges of manufacturing. In accordance with that objective, at the Kyotanabe Plant, where we produce industrial chains, we sponsor summer vacation parents-and-children plant tours for elementary school children in Kyotanabe City. (Please see the column below.) In addition, at all domestic plants we actively support work-experience educational initiatives and internships for junior high school students sponsored by the local municipalities. In this way, we have prepared a program that offers trial work at production sites and enables students to experience the fun and appeal of creativity in manufacturing.



Work-experience educational initiatives for junior high school students (Tsubaki Emerson)

Plant Tours for Parents and Children—Communicating the Fun of Manufacturing

With the cooperation of Kyotanabe City, we sponsor parents-and-children plant tours at the Kyotanabe Plant. These tours are offered to elementary school children during the summer vacation period. The goal of this event, which we have held since 2008, is to utilize Tsubaki chains to communicate the fun and depth of manufacturing to children.

In addition to the plant tours, this event includes a number of other original programs, such as a chain assembly competition and lunch in the plant cafeteria. The event has become a

fixture in the local community. This year, 578 applications were received. Through a drawing, 80 people were selected to participate, and the event was held on two separate days.



Chain assembly event using actual parts (other than the plates)



Using hand-made picture cards to explain the chain manufacturing process

Together with Employees

We want our employees to find their jobs rewarding and to take on the challenge of creating value. Accordingly, we are working to provide opportunities for all employees, and to develop diverse personnel systems and cultivate a corporate culture that supports the “innovation and challenge” initiatives of individual employees. We are also striving to create workplace environments that are healthy, safe, and comfortable.

Personnel System Prioritizing Efforts and Results

A company cannot grow unless its employees grow. In that sense, a personnel system is a framework for the growth of employees, and the fundamentals of a personnel system are fairness, transparency, and mutual understanding. To ensure that we accommodate the diverse values of a wide range of individuals, we have eliminated the seniority-based aspects of our system. By utilizing clear, objective standards, we are working to ensure that employees can directly experience how their efforts and results are reflected in their career progress. These standards include a job-based qualification and wage system, results-linked bonuses with an enhanced company performance component, and an absolute assessment framework.

Under this assessment framework, one-on-one meetings between superiors and subordinates are mandatory. This increases the degree of mutual agreement in evaluation results and helps individual employees to enhance their capabilities.

Enhancing the Specialized Skills of Employees

Tsubakimoto Chain's human resources development policy is to create an environment in which people succeed on their own merits and to enhance the specialized skills of employees.

To that end, we implement the in-house Tsubaki Tech School initiatives, which are centered on specialized technical training, and we have also created a framework for the advancement of self-education, such as through distance learning.

We are implementing systematic human resources development from a long-term perspective, such as a system for dispatching employees to overseas Group companies for training. These year-long training opportunities help us to develop employees that can be active globally. We also have a system for sending engineers to marketing divisions for fixed periods of time.

Creating Safe, Comfortable Workplace Environments

Tsubaki Group Objectives

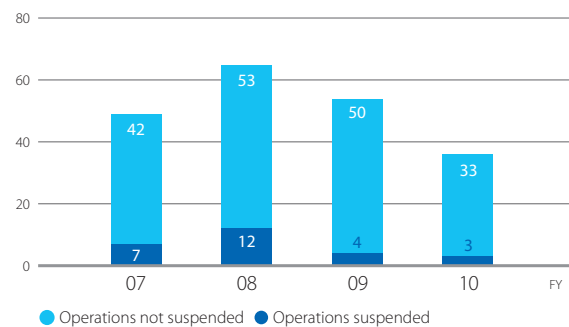
Aiming to Establish Worksites that are Safe, Pleasant, and Dynamic

Accidents: Zero

Findings ratio: Equal to or less than national average

Targeting the creation of safe workplace environments on a Group-wide basis, in February 2009 we established the Tsubaki Group Safety Committee, and formulated a three-year action plan in accordance with the philosophy of “focus on humanity.” Currently,

Number of Work-Related Accidents at the Tsubaki Group



centered on risk assessment activities and safety education enhancement activities, we are implementing experience-based education and danger-prediction training in order to reinforce everyone's understanding of the importance of being alert to danger and acting accordingly.

Moving forward, we will continue working to thoroughly reduce facility and operational risks through risk assessment activities. We will also move forward with workplace environment improvement activities and aim to realize worksites that are “accident free” and “comfortable.”



Forklift safety lecture (Saitama Plant)

Supporting the Health of Employees

The Company, labor unions, and health insurance associations are jointly implementing activities to support the health of employees. In addition to annual physical exams and health check-ups for people working long hours, to prevent and rapidly treat mental health issues, we have full-time employees working to provide consultations and mental health education on the worksites. We also hold in-house sporting and health-related events and take steps to prevent overwork, such as making every Friday a “no overtime” day.

Environmental Conservation Activities

The Tsubaki Group is implementing ongoing environmental conservation activities in accordance with its environmental philosophy and fundamental environmental policy.

Environmental Philosophy / Fundamental Environmental Policy

Environmental Philosophy

The Tsubaki Group believes that environmental conservation is a critical challenge facing humanity. **We will remain mindful of the environment in all our operations and contribute to the world through our workmanship.**

Fundamental Environmental Policy

- We will acknowledge the environmental impact of our operations, products, and services. In the interests of environmental conservation, we will use our creativity to exhibit industry leadership in reducing our environmental load.
- We will create a management system for environmental conservation and will promote pollution control and continual improvement.
- We will strictly comply with environmental laws, rules, and regulations and will seek to develop good relationships with our stakeholders.
- Through environmental training and in-house public relations, we will work to enhance awareness of environmental conservation among all Tsubaki Group employees.

Long-Term Objectives

Reduce CO₂ emissions by 15% by fiscal 2021.

* Benchmark year: Fiscal 2006

Environmental Management

Environmental Structure

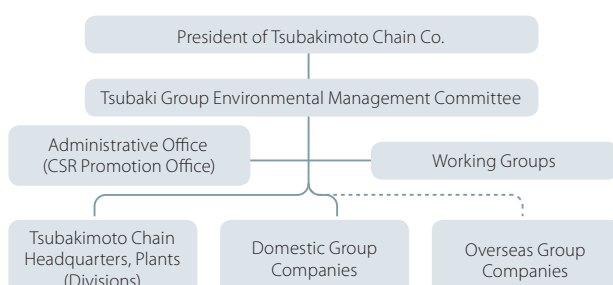
The Tsubaki Group promotes environmental management primarily through the Environmental Management Committee, which is overseen by the president. This committee is chaired by the officer in charge of Tsubakimoto Chain Co.'s Headquarters Operations, and includes plant managers, division managers, and representatives from Group companies. The committee deals with the Group's environmental challenges from a medium-to long-term perspective.

Organization of Environmental Management System (EMS)

The Tsubaki Group is taking aggressive steps to build an Environmental Management System. Fourteen domestic Group facilities and seven overseas facilities have received ISO 14001 certification, and the Group has established a foundation for environmental management.

In the future, we will use ISO 14001 as a tool in making aggressive progress in Groupwide EMS activities, such as environmental conservation activities and expanded sales of environmentally friendly eco-products.

Organization of Environmental Management System (organization chart)



Tsubaki Group Environmental Management Committee

Environmental Report

Flow of Energy and Materials

To reduce the burden placed on the environment by its operating activities, the Tsubaki Group is collecting and tracking data about the environmental impact of its product manufacturing processes. In fiscal 2009, the flow of energy and materials was as follows.

INPUT		Manufacturing process	OUTPUT	
Raw materials			Total product manufacturing	
50,404t			¥66,796 million	
Energy	Electricity		Valuables	
	Heavy oil		16,514t	
	Gasoline		Industrial waste	
	Kerosene		4,007t	
	Light oil		Non-industrial waste	
	City gas (excluding cogeneration)		383t	
	City gas (for cogeneration)		Hazardous chemical substances under the PRTR Law	
	Butane gas		Release / transfer	
	Propane gas		Release to the atmosphere	
			CO2	
	Release to water			
Water			(382 thousand m³)	
382 thousand m³				

Scope of application: Tsubakimoto Chain Co. (Kyotanabe Plant, Saitama Plant), Tsubaki Emerson Co., Tsubakimoto Custom Chain Co., Tsubakimoto Sprocket Co., Tsubakimoto Bulk Systems Corp., Tsubakimoto Mayfran Inc., Tsubakimoto Iron Casting Co., Ltd., Tsubaki Yamakyu Chain Co.
Period of application: April 1, 2009 to March 31, 2010

Trends in Major Environmental Performance Indicators*

		FY2006	FY2007	FY2008	FY2009	FY2010
INPUT	Raw materials (t)	67,880	69,413	77,095	66,402	50,404
	Energy usage (GJ)	1,385,890	1,395,424	1,512,069	1,290,340	1,207,708
	Water usage (thousand m ³)	433	497	486	458	382
OUTPUT	CO ₂ emissions (t-CO ₂)	59,317	58,261	63,320	56,180	49,443
	Non-industrial waste (t)	592	655	690	581	383
	Industrial waste (t)	5,248	5,561	6,045	4,720	4,007
	Recycled (t)	4,643	5,551	6,295	5,095	4,268
	Recycling rate (%)	79.5	89.3	93.5	96.1	97.2
	Valuables (t)	19,114	22,743	24,809	20,812	16,514
	Release / transfer of hazardous chemical substances under the PRTR Law (t)	164	165	174	142	112
	Consolidated net sales (Unit: ¥100 million)	1,478	1,557	1,672	1,415	1,128

* Environmental performance indicators: Indicators related to environmental matters that are considered to be important from the perspective of operational characteristics, such as energy usage and water usage.

Environmental Objectives and Results

Item	Fiscal 2010 Environmental Objectives	Fiscal 2010 Results	Evaluation
Reduction of CO ₂ emissions	Achieve 1% year-on-year reduction in CO ₂ emissions intensity	12% increase in intensity. Total emissions down 12% year on year.	△
Reduction in emissions of industrial waste, etc.	Achieve recycling rate* of 97% or more (fiscal year-end)	Recycling rate improved, reaching 97.2% (annual average). Total was reduced 17% year on year.	○
Reduction in use of chemical substances	Reduce use of chemical substances in manufacturing processes	Emissions into atmosphere reduced 36% year on year, transfers reduced 5% year on year.	○
Build foundation for expanded sales of eco-products	Formulate strategy for expanded sales of environmentally friendly eco-products	Established working groups, formulated master plan and strategy, etc.	○
Progress in green procurement	Utilize green procurement guidelines	Only conducted activities in accordance with harmful chemical substance reduction manual.	△
Globalization of environmental management	Begin to develop common objectives for overseas companies	Formulated common objectives for CO ₂ emissions, created specific measures targeting those objectives, tested quantitative tracking, such as of effects.	○

* Recycling rate: The ratio of the total weight of reused, material-recycled, and thermal-recycled waste to the total amount of waste.

Environmental Conservation Initiatives

Prevention of Global Warming

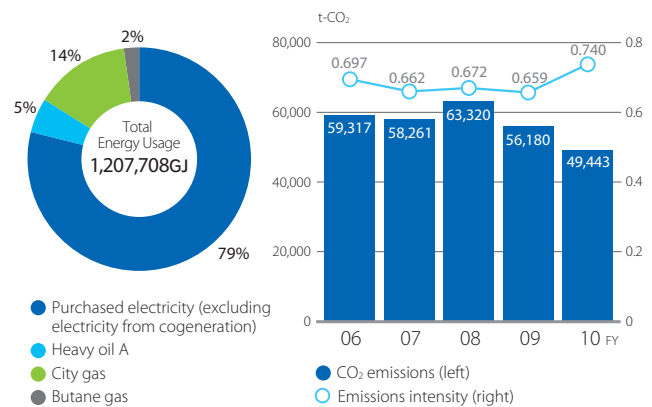
Reduction of CO₂ Emissions

The Tsubaki Group formulated a five-year plan for reducing CO₂ emissions intensity in fiscal 2011 by 5% from the benchmark year of fiscal 2006.

In fiscal 2010, production volume declined substantially due to the influence of the economic slowdown. As a result, CO₂ emissions intensity increased 12% year on year. However, CO₂ emissions volume in fiscal 2010 was down 12% year on year, to 49,443 tons.

In fiscal 2011, there is some cause for concern, such as fluctuations in production and lower investment in energy-saving measures, but in the future we will continue to implement energy-saving measures and productivity improvement measures as we strive to reduce CO₂ emissions.

Breakdown of Energy Usage ● CO₂ Emissions

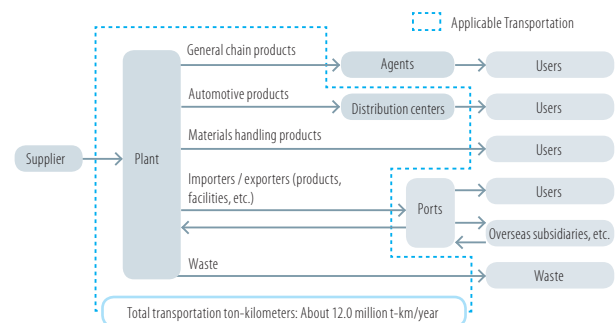


Distribution Initiatives

In regard to measures concerning distribution under the revised Law Regarding the Rationalization of Energy, as a cargo consignor Tsubakimoto Chain will implement studies of transport ton-kilometers, will include reduction in transport ton-kilometers in its environmental objectives, and will implement activities targeting reduced transport frequency, increased loading efficiency, and reduced use of packaging materials. Consequently, in fiscal 2010, when production volume declined, transport ton-kilometers were about 12 million ton-kilometers for the year.

Tsubakimoto Chain is not a specified cargo consignor under the law (30 million ton-kilometers or more a year), but in the future the Company will independently implement environmental conservation measures in the area of transport and will work to reduce transport-related energy consumption.

Fiscal 2010 Transport Ton-Kilometers Study

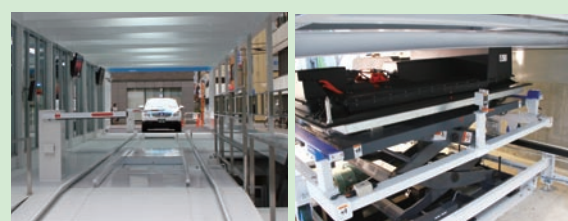


World's First Switchable Battery Electric Taxi Project— Tsubaki Zip Chain Lifter Used in Battery Switching Station

In April 2010, verification testing of the world's first switchable battery electric taxis began in Roppongi Hills, Tokyo. The battery switching system uses the Tsubaki Zip Chain Lifter.

Better Place, one of the organizations behind the project, developed electric taxis equipped with switchable batteries on the underside of the body, as well as the battery switching station. This was done to address a weak point of electric vehicles—the time required for charging. The Company's Zip Chain Lifter is incorporated into the automated battery switching

system as the component that lifts the battery, and its characteristics—high speed / high-frequency operation and high durability—result in a battery switching time of just one minute.



Battery switching station

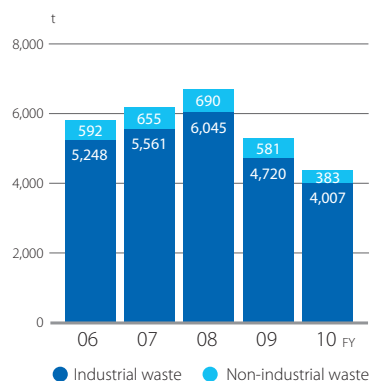
Battery switching operation

Effective Utilization of Resources

The Tsubaki Group is aggressively implementing measures to implement recycling of waste.

In addition to thorough waste sorting, we are implementing a range of other measures. These include taking steps to reduce the volume of waste from production processes, such as removing water from hydrous sludge*, and recycling press oil and other waste oil.

Waste Emissions

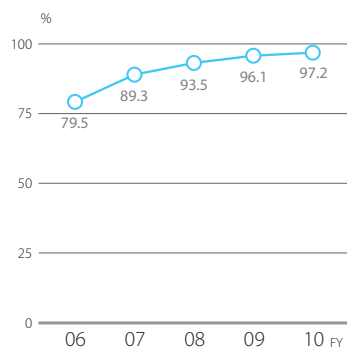


In fiscal 2010, the Company's waste output, including industrial waste and non-industrial waste, was 4,390 tons, a decrease of 17% year on year.

The yearly average recycling rate was 97.2%, and we continue to make steady progress in recycling.

* Hydrous sludge: Waste material from the parts grinding process that contains water

Recycling Rate (Fiscal Year Average)



Helping Customers to Reduce Waste with Eco-Packaging

In December 2008, we switched to environmentally friendly eco-packaging for Tsubaki Emerson small gear motors (less than 30kg). We switched from the previous method of securing the product, which used plywood together with nuts and bolts, to a method that uses only cardboard and stretch film. Through the switch to this eco-packaging, our aim was to reduce the industrial waste processing burden of our customers and to reduce the amount of wood materials used to secure the product.



Eco-packaging using only cardboard and stretch film



Reducing CO₂ by Improving Air Leakage

All of the employees at the Kyotanabe Plant participate in on-going "air leakage improvement activities" in the plant.

As cylinders and directional control valves age, air leakage can often occur inside machinery. Air leakage improvement is work that requires good hearing and experience, and since we commenced these activities in 2003 we have worked to improve the skills of our employees. As a result of these initiatives, in fiscal 2010 we implemented 331 air leakage improvement measures, which led to a reduction in electricity consumption of about 250,000kWh/year, reducing CO₂ emissions by 95 tons.

In the future, from the perspective of preventive maintenance, we will continue to implement these activities, including switching to air pressure devices that are less susceptible to leaking and adding control valves that cut off the air supply.



Air leakage improvement activities

Appropriate Handling of Chemical Substances

Initiatives Targeting Reductions in Harmful Chemical Substances

To comply with Europe's RoHS directive^{*1}, ELV directive^{*2}, REACH regulations^{*3}, and other domestic and overseas laws and regulations that stipulate limits on harmful chemical substances, we have designated products that contain harmful chemical substances and set content limits. Together with our partners, we are aggressively implementing studies and reduction initiatives.

^{*1} RoHS directive: EU directive for the restriction of the use of certain hazardous substances in electrical and electronic equipment

^{*2} ELV directive: EU directive aimed at reducing waste and environmental burden resulting from vehicle disposal

^{*3} REACH regulations: EU regulations for the registration, evaluation, authorization, and restriction of chemicals

Laws / Regulations	Products for which the Company's response has been completed
RoHS directive	General-use drive chains, locking devices, shaft couplings, reducers, etc.
ELV directive	All components for automotive engine timing chain drive systems
REACH regulations	The Company has no products covered by these regulations.

Reduction of PRTR Hazardous Chemical Substances

In fiscal 2010, the Tsubaki Group filed PRTR Law compliance forms for seven regulated substances emitted by five companies and six plants. In fiscal 2010, production declined in the second half of the fiscal year, and emissions to the atmosphere were down 36% year on year. We continue working to reduce the amounts of these substances used and emitted at these worksites.

Data on PRTR Law Target Chemical Substances

Data on PRTR Law Target Chemical Substances				kg/yr					
Worksite		Substance number	Substance name	Emission volume				Transfer volume	
				Atmosphere	Public water body	Soil	On-site landfill	Sewerage	Moved off-site
Tsubakimoto Chain Saitama Plant		63	Xylene	820	0	0	0	0	0
		68	Chromium and trivalent chromium	76	0	0	0	0	37,000
		227	Toluene	28,000	0	0	0	0	11,000
		309	Poly (oxyethylene) = nonylphenyl ether	0	0	0	0	0	5,200
		229	Benzene	0	0	0	0	0	0
Tsubaki Emerson	Main Plant	63	Xylene	1,100	0	0	0	0	300
		227	Toluene	6,200	0	0	0	0	1,700
	Hyogo Plant	63	Xylene	1,500	0	0	0	0	220
		227	Toluene	3,700	0	0	0	0	530
Tsubakimoto Bulk Systems		63	Xylene	1,800	0	0	0	0	100
		227	Toluene	1,000	0	0	0	0	100
Tsubakimoto Mayfran		40	Ethylbenzene	200	0	0	0	0	520
		63	Xylene	400	0	0	0	0	1,100
		227	Toluene	2,000	0	0	0	0	5,200
Tsubakimoto Iron Casting		311	Manganese and manganese compounds	0	0	0	0	0	2,690
Total				46,796	0	0	0	0	65,660

Note: The Kyotanabe Plant, Tsubakimoto Custom Chain, Tsubakimoto Sprocket, and Tsubaki Yamakyu Chain are outside the scope of PRTR filing.

Tsubaki Zip Chain Lifter Receives METI Minister's Award in Energy Conservation Prize Awards Program

The Tsubaki Zip Chain Lifter is a high-speed lift table with chains that interlock in a zip-like fashion. It was launched in 2008, and it received the METI Minister's Award, the highest honor in the 2009 (30th) Energy Conservation Prize awards program sponsored by the Japan Machinery Federation.

The award is presented to individuals or companies recognized as having contributed to the promotion of efficient energy use through the development and commercialization of energy-efficient equipment or systems. The Tsubaki Zip Chain Lifter received the METI Minister's Award for its remarkable energy savings, ingenuity, and economic efficiency.



Zip Chain Lifter

Environmental Accounting

Use of Environmental Accounting System

In fiscal 2009, the Tsubaki Group implemented a range of environmental conservation investments, including investment in waste processing equipment, such as equipment for cleaning grinding fluid, oil and water separation equipment, and filter press equipment, as well as investment in equipment noise countermeasures. This investment totaled ¥180 million, an increase of 75% year on year.

In fiscal 2009, the Company recorded an increase in depreciation and amortization associated with asbestos abatement work and with the installation of wastewater facilities, and as a result on a total basis this spending was up ¥20 million in the year under review.

Through its environmental accounting system, the Tsubaki Group will analyze the costs and benefits of these activities, and utilize the results in future environmental conservation activities and information disclosure initiatives.

Scope: Nine domestic plants (Tsubakimoto Chain Kyotanabe Plant, Saitama Plant, Tsubaki Emerson, Tsubakimoto Custom Chain, Tsubakimoto Sprocket, Tsubakimoto Bulk Systems, Tsubakimoto Mayfran, Tsubakimoto Iron Casting, Tsubaki Yamakyu Chain)

Period: April 1, 2009 to March 31, 2010
Guidelines: *Environmental Accounting Guidelines 2005*

Environmental Conservation Costs

Thousand of yen

Environmental Conservation Costs (business activity classification)				
Classification	Details of major initiatives		Amount invested	Costs
(1) Business area costs			175,937	455,558
Breakdown	(1)-1 Pollution prevention costs	Introduction, operation, and management of air pollution prevention facilities and wastewater treatment facilities	154,252	193,801
	(1)-2 Global environmental conservation costs	Introduction, operation, and management of electricity control systems	1,373	113,997
	(1)-3 Resource recycling costs	Waste processing / recycling expenses, improvement of industrial waste storage facilities	20,312	147,760
(2) Upstream / downstream costs	Outsourcing analysis costs, such as substances with environmental impact		0	2,307
(3) Administration costs	Establishment and operation of EMS, worksite greening and maintenance, installation of air and water measurement equipment		0	183,654
(4) R&D costs*	R&D of environmentally friendly products (reduction of environmental burden during product use)		0	4,306
(5) Social activity costs	Beautification of plant surroundings		0	903
(6) Environmental remediation costs	Groundwater purification measures, etc.		0	0
Total			175,937	646,728

* The Company is reconsidering the method of gathering data used to calculate R&D costs due to a reevaluation of environmentally friendly standards for products.

Environmental Conservation Effect

Environmental conservation benefit categories	Environmental performance indicators (Unit)	Fiscal 2009	Fiscal 2010	Difference between base period and period under review (environmental conservation benefits)
Environmental conservation benefit related to resources input into business activities	Water (thousand m ³)	458	382	Reduction of 76 thousand m ³
Environmental conservation benefit related to waste or environmental impact originating from business activities	CO ₂ emissions (t-CO ₂)	56,180	49,443	Reduction of 6,737t-CO ₂

CO₂ Reduction Activities in a Plant

Protecting Against Heat and Saving Energy

At the Saitama Plant / Tensioner Plant, a range of measures were implemented to enhance fire prevention and reduce energy consumption (lower CO₂ emissions). A heat-insulating paint was applied to the roof and walls, and the windows were given a heat-insulating treatment. The plant's external appearance was changed, and in addition the temperature inside the plant in summertime has been reduced. By reevaluating the temperature control method of air-conditioning units inside the plant, we expect to reduce CO₂ emissions by about 56 tons over a period of 100 days.



Brighter, cooler tensioner plant

Environmental Activities Using Greenery

At the Saitama Plant, on the roof of the automotive technologies building we built a 1,050m² green area. In addition, in the Tsubakimoto Custom Chain plant we established a bitter melon garden. These are examples of how we are implementing environmental activities using greenery.



Greening the roof of the automotive technologies building (Saitama Plant)



Bitter melon garden installation (Tsubakimoto Custom Chain plant)

