

Hitachi Koki Group
Environmental Sustainability Report 2011



Contents

Message from the Management	1
Company Profile	2
Eco-management	3
Basic Concept of Environmental Activities	3
Eco-management Structure	5
Trends in Performance of Hitachi Koki Group Environmental Action (2005-2010)	6
Hitachi Koki Group FY2010 Environmental Action Plan: Target and Performance ..	7
Hitachi Koki Group FY2011 Environmental Action Plan	8
Global Environmental Management	9
Advance of Activity Level	9
GREEN 21 Version 3 Activities	9
Improvement of Environmental Management Structure	10
Enhancement of Consolidated Environmental Management for Overseas Manufacturing Companies	10
Promotion of ISO14001 Certification	10
Enhancement of Environmental Education	12
Boost voluntary education	12
Promote participation in the Hitachi Group's common education courses	12
Promotion of Environmental Accounting	13
Eco-products	14
Compliance with Environmental Laws	14
Promotion of Eco-products	14
Promotion of Eco-Design Management	14
Expansion of Environment-friendly Products	15
Promote the 3 Rs	16
Promote green procurement	16
Environmentally Friendly Factories and Offices	17
Compliance with Environmental Laws	17
Enforce symptom management and comply with laws	17
Purchase of Resources and Discharge into the Environment	17
Prevention of Global Warming	18
Reduce CO ₂ emissions	18
Reduce the use of A-type Heavy Oil	20
Reduction in Transportation-related Energy Consumption	20
Afforestation Activities	20
Effective Use of Resources	21
Reduction of Waste Discharge, Minimization of Final Disposal Rate of Waste	21
Promotion of Reycling Batteries	22
Water Conservation	22
Transition of Water Consumption	22
Chemical Substance Management	22
PCB Management	22
Management System	23
Management of Chemical Substances under the PRTR Law	23
Worldwide Stakeholder Collaboration	24
Environmental Communication	24
Promote the publication of environmental activities	24
Global Citizen Activities	24
Promote social action programs	24
Environmental Management Data	25

Editing Policy

Editorial Range of This Report

The Environmental Sustainability Report centers on the results and environmental activities of Hitachi Koki Co., Ltd. during fiscal 2010 (from April 1, 2010, to March 31, 2011).

This report also covers the results and environmental activities of the affiliated companies listed below.

- Scope of report -

[Japan]

Hitachi Koki Co., Ltd. Katsuta Plant (Ibaraki prefecture)
Hitachi Koki Co., Ltd. Sawa Plant (Ibaraki prefecture)
Hitachi Koki Haramachi Co., Ltd. (Fukushima prefecture)
Nikko Solutions Co., Ltd. (Ibaraki prefecture)
Sankyo Diamond Industrial Co., Ltd. Headquarters
(Kanagawa prefecture)
Sankyo Diamond Industrial Co., Ltd. Nabari Plant (Mie prefecture)
Nikko Tanaka Engineering Co., Ltd. Shirako Plant (Chiba prefecture)

[Outside Japan]

Fujian Hitachi Koki Co., Ltd. (China)
Guang Dong Hitachi Koki Co., Ltd. (China)
Hitachi Koki Taiwan Co., Ltd. (Taiwan)
Hitachi Koki (Malaysia) Sdn. Bhd. (Malaysia)
Hitachi Koki India Ltd. (India)
Hitachi Koki Europe Ltd. (Ireland)

- Terms used in this report -

The "Hitachi Koki Group" is a general term referring to the companies listed in "Scope of report" above.
The "Katsuta Plant" includes the Katsuta Plant of Hitachi Koki Co., Ltd. and Nikko Solutions Co., Ltd. (both in Ibaraki prefecture).

- Reference -

"Environmental Report Guideline 2007" by the Ministry of the Environment

Message from the Management

We would like to express our sincere condolences to all those affected by the Great East Japan Earthquake and wish for the earliest possible restoration of the affected areas.

The Hitachi Koki Group will combine its technologies with wisdom to continuously conduct what it can do for people's living and the society.

The Hitachi Koki Group's management policy is based on contributing to society by providing innovative and easy-to-use products that meet users' needs, and the services that fulfill customers' satisfaction. We also provide, as a global manufacturer expanding actively, the power tools and life-science instruments of high performance/quality worldwide. Furthermore, being a member of society and with "Basic principles and the path to virtue" in our mind, we are committed to being a manufacturer to be trusted by society, while exerting every effort to strengthen the compliance and to observe corporate ethics thoroughly.

The Hitachi Koki Group has long recognized the global environmental issues to be significant concerns common to all human beings, and promoted the environmental management, trying to harmonize corporate activities with environmental preservation activities.

In fiscal 2010, we reinforced the environmental consolidated management structure in order to further advance our global environmental conservation activities. By collecting environment-related information from all offices of the Group all over the world, we shared information across the Group to promote daily information exchanges. For domestic and overseas affiliated manufacturing companies, we set up unified action targets of the environmental activities to promote global environmental conservation activities. Furthermore, we extended the authentication scope of ISO 14001 Environmental Management System not only to manufacturing factories and offices but also to our service sector, 61 HITACHI Power Tool service dealers located nationwide, to brush it up systematically.

From a practical aspect, we have promoted lively activities across "global environmental management," "eco-products," "environmentally conscious factories and offices" and "environmental collaboration with stakeholders." As a result, we have achieved our target on the whole, which the environmentally-compatible products have accounted for 85% and more of new products. In addition, we made consistent success in the reduction in CO₂ emissions and decrease of final disposal ratio.

Based on these activities, we have compiled this Environmental Sustainability Report 2010 to report environmental activities of our group including overseas factories, as detailed as possible. We hope this report will help you understand our Group's attitude toward the environment and help us facilitate communication with you.

June 2011



Chairman of the Board and Director

A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

Yasuyuki Konishi



President and Director

A stylized, handwritten signature in black ink, appearing to read 'K. Kato' with a decorative flourish.

Kiyoshi Kato

Company Profile (as of March 31, 2011)

Profile

Corporate Name: Hitachi Koki Co., Ltd.
 Incorporated: December 18, 1948
 Head Office: 15-1, Konan 2-chome, Minato-ku,
 Tokyo 108-6020, Japan
 Capital stock: 17,800 million yen
 Number of employees
 Consolidated basis : 4,604
 Unconsolidated basis : 1,373

Financial Data

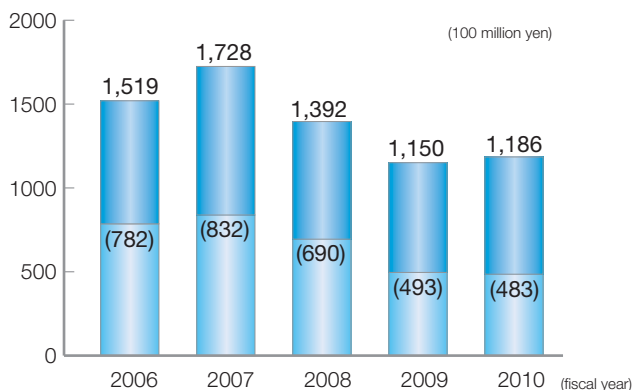
Financial Summary for fiscal 2010 (millions of yen)

	Consolidated basis	Unconsolidated basis
Net sales	118,558	48,313
Operating income	3,630	1,535
Ordinary profit	3,705	3,024
Net income	528	1,121

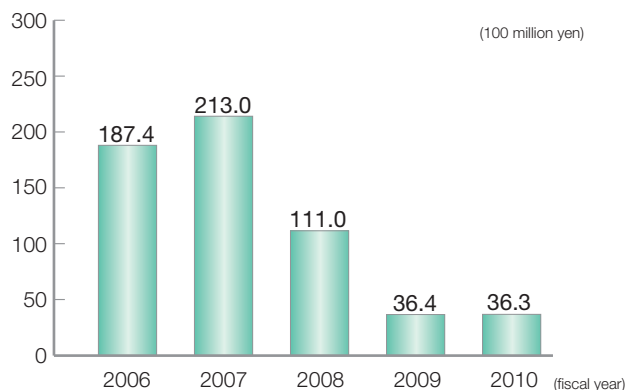
Trends of Performance (Consolidated Bases)

Net Sales

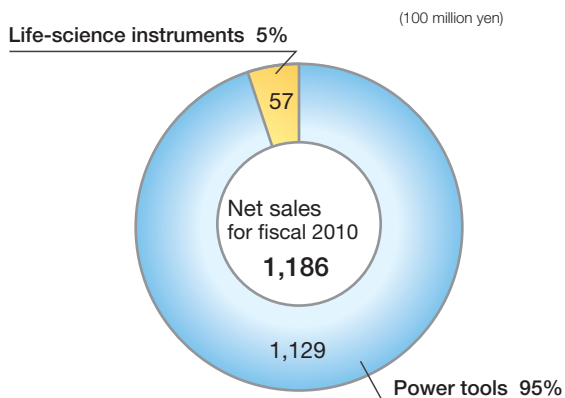
Values in () are net sales on unconsolidated bases. (Values in consolidated net sales)



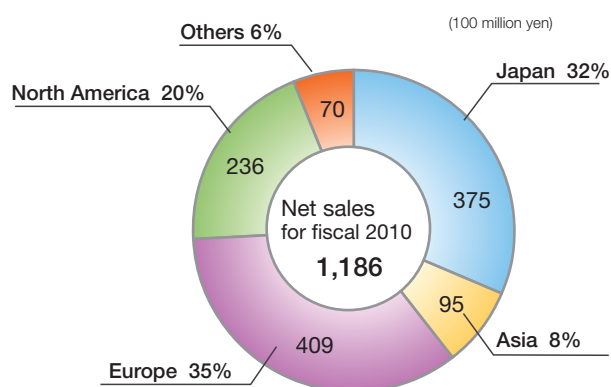
Operating Income



Sales by Business Segment



Sales by Region



Lines of Business

Main products

Metalworking power tools, woodworking power tools, cordless power tools, construction power tools, pneumatic tools (nailers, screwdrivers and compressors for nailers), woodworking machines, engine power tools, gardening tools, household power tools, dust collectors, laser measuring tools (laser markers, range finders), accessories (diamond tools and consumable parts), ultracentrifuges, refrigerated centrifuges, compact centrifuges and large-scale continuous flow ultracentrifuges

Eco-management

Basic Concept of Environmental Activities

The Hitachi Koki Group declares the Standards for Corporate Activities by which we contribute to society through developing superior, unique technologies and products, as well as the Environmental Preservation Action Guidelines by which our management puts the harmony with environment on high-priority tasks. Based on these standards and guidelines, we are actively engaged in environmental activities.

We also have established the Hitachi Environmental Vision to achieve more sustainable society. This Vision reflects Hitachi's management attitude toward the environmental issues surrounding the world. Based on this, we are developing middle-term and long-term plans. Furthermore, we set more specific activity items and targets in the Environmental Action Plan to promote our environmental activities.

Hitachi Koki's Standards for Corporate Activities (Basic Philosophy)

The basic philosophy of Hitachi Koki Group is to advance the founding principles of Hitachi, Ltd. – harmony, sincerity and a pioneering spirit – to take pride in Hitachi Koki Group and contribute to the society of which Hitachi Koki Group is a part through superior technologies and products.

In accordance with these principles, the Company fully recognizes that enterprises are also an integral part of society, and, in addition to a deep dedication to equitable and transparent corporate activities, the Company strives as a responsible corporate citizen to create a society of real wealth by maintaining a harmonious relationship with the environment and aggressively pursuing activities that make a positive contribution to society.

Environmental Protection Action Guidelines

These guidelines express the basic policy that must be observed by the executive officers and employees of Hitachi Koki Group, and were formulated in response to environmental issues related to the Company's business activities. As part of Hitachi Koki Group's Standards for Corporate Activities (Basic Philosophy), the officers and employees of Hitachi Koki Group must observe the following guidelines:

1. In recognition of serious problems that affect the global environment for all humankind, harmony with the environment will be a top management priority throughout the Company.
2. By establishing a structure for promoting environmental preservation, enacting regulations relating to the environment, setting environmental burden reduction targets and taking similar measures, the officers assigned and site directors in charge of environmental issues will promote environmental preservation activities. Moreover, environmental audits will be conducted regularly to confirm the effectiveness of the measures that we take and our efforts towards continued improvement.
3. Through a concise understanding of how best to resolve environmental problems facing the world, the Company will work to contribute to society by developing highly reliable technologies and products that address those problems.
4. The Company gives due consideration to reducing the environmental burden a product may have throughout its entire life cycle, from the R&D and design stages to production, logistics, actual use and final disposal, and publicizes recycling for the general public.
5. The Company will investigate and examine the effects of its business operations on the environment and give due consideration to environmental safety and the conservation of energy and resources. Moreover, the Company will promote the placement of a recycle marks on products and construct a segregation/collection system.
6. In addition to observing international, national and local environmental regulations, the Company will develop its own standards where necessary to pursue environmental conservation.
7. With regard to overseas activities and the export of products, the Company will give due consideration to the effects of products on the local environment, and implement measures in response to the wishes expressed by local communities.
8. In addition to working towards enhancing environmental awareness among its employees, the Company will focus its activities on society at large, contributing to that society, of which Hitachi Koki Group is an integral part, through vigorous environmental preservation activities.
9. Should an environmental problem arise as a result of the Company's business activities, the Company will take appropriate steps to minimize environmental burden.

The Hitachi Group Environmental Vision

Toward the Resolution of Global Environmental Issues

Three Environmental Pillars of Our Vision: Prevention of Global Warming, Conservation of Resources, and Preservation of Ecosystem

The quest for a comfortable life has led humankind to create a society based on convenience. However, environmental problems have surfaced, such as climate change, resource depletion, and ecosystem destruction. To realize a materialcycle society in harmony with the earth, we must share our vision and promote environmental conservation.

We have created an environmental vision to achieve a more sustainable society by promoting global production that reduces the environmental burden of a product throughout its life cycle. We have formulated Environmental Vision 2025, a long-term plan placing priority on preventing global warming, and we are conducting our business activities accordingly.

The Hitachi Environmental Vision

Reduce CO₂ emissions in energy production
Enhance energy efficiency of our products



Collect products for reuse or recycling

Reduce negative effect on air, water and soil

Towards a Sustainable Society

Environmental Vision 2025

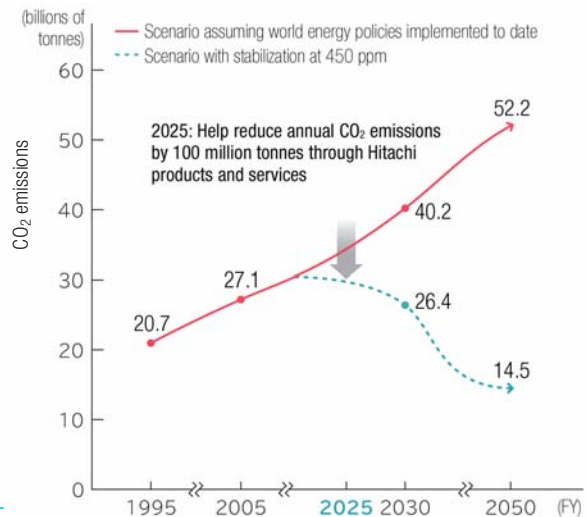
We will help reduce annual CO₂ emissions by 100 million tonnes by 2025 through Hitachi products and services for the prevention of global warming.

Philosophy of Environmental Vision 2025

The Fourth Assessment Report of the IPCC★1 states that it is necessary to maintain greenhouse gas emissions at about 450 ppm (parts per million) to keep global temperatures from rising two degrees or higher than before the Industrial Revolution. To meet this goal, the International Energy Agency has presented a scenario for halving CO₂ emissions by 2050 compared with fiscal 2005 levels and stabilizing them at 450 ppm.

To contribute to the prevention of global warming, we created Environmental Vision 2025 as a long-term plan for our business activities. With fiscal 2005 as the base fiscal year, our goal is to help reduce annual CO₂ emissions by 100 million tonnes by fiscal 2025 through Hitachi products and services. To this end, we will boost the environmental efficiency of Hitachi Group products and aim to make them all Hitachi Eco-Products.

Concept behind Hitachi's fiscal 2025 CO₂ Emission Reduction Goal



★ 1 Intergovernmental Panel on Climate Change

Based on energy-related CO₂ emissions in the International Energy Agency's World Energy Outlook 2009

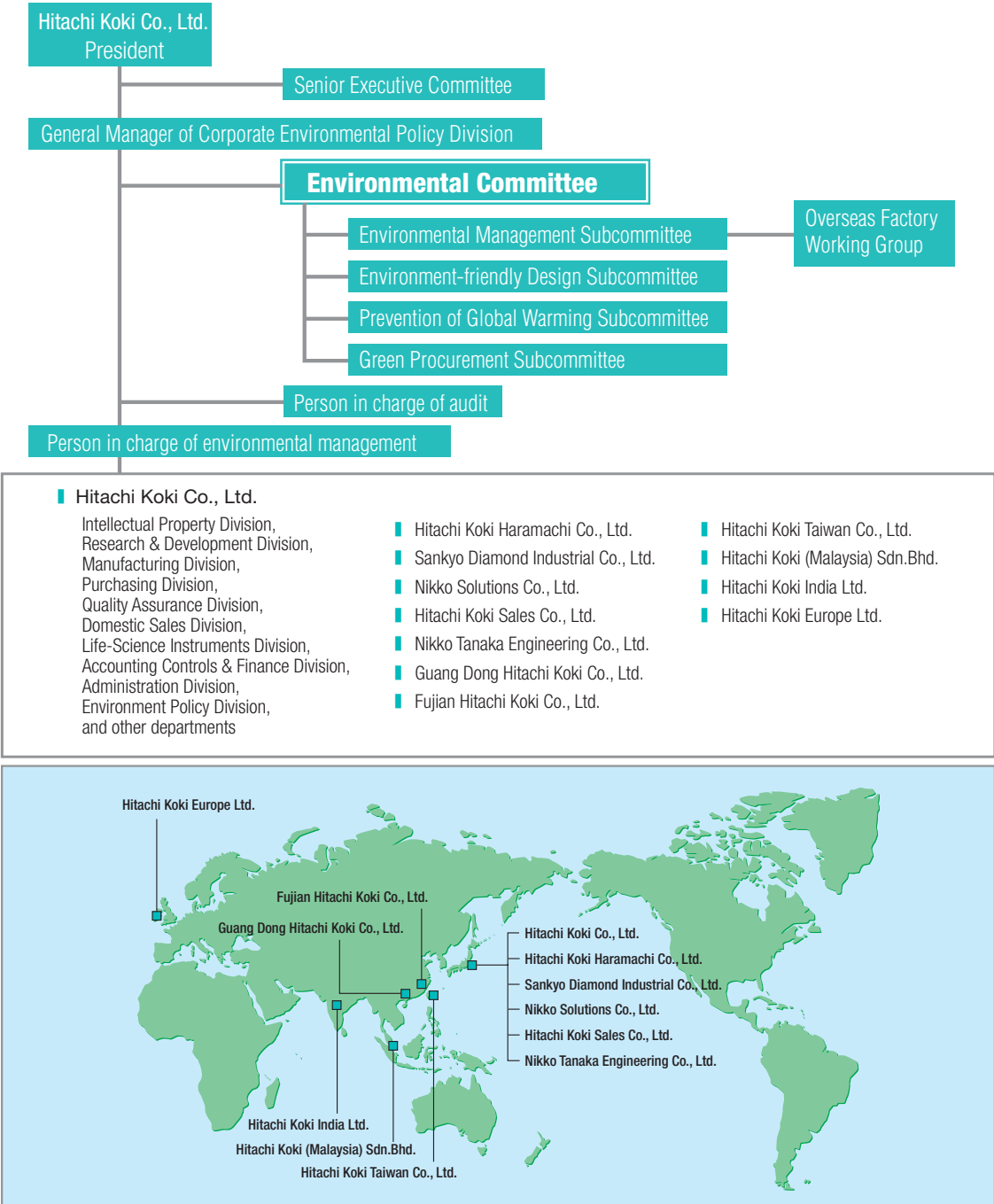
Eco-management Structure

The Hitachi Koki Group has formed the Environmental Promotion Structure across the entire Group, and the Environmental Committee, chaired by General Manager, Environment Division plays the core role. Members of this committee include representatives from not only the manufacturing departments, but also the sales departments including domestic sales branches and Hitachi Koki Sales Co., Ltd., and the new group companies including Sankyo Diamond Industrial Co., Ltd. and Nikko Tanaka Engineering Co., Ltd. In addition, our overseas affiliated manufacturing companies, such as Fujian Hitachi Koki Co., Ltd. and Guang Dong Hitachi Koki Co., Ltd. also take part in the Committee.

The policies, activity items and targets for the entire Hitachi Koki Group are developed through each subcommittee such as the Environmental Management Subcommittee, Environment-friendly Design Subcommittee and other subcommittees, and discussed and approved by the Environmental Committee. And then the Corporate Executive Committee chaired by the President of Hitachi Koki Co., Ltd. discusses and approves. The final-approved policies, activity items and targets across the Group are spread to the respective acting division of Hitachi Koki Co., Ltd., group companies within Japan and overseas affiliated manufacturing companies, through Environmental Management Leader.

As such, the Hitachi Koki Group promotes the environmental activities across the entire Hitachi Koki Group.

Figure of eco-management promoting structure



Trends in Performance of Hitachi Koki Group Environmental Action (2005-2010)

Activity	Target	2005	2006	2007	2008	2009	2010	Reference page
Global Environmental Management								
Advance of Activity Level	● GREEN 21 Version 3	640 GPs	755 GPs	895 GPs	1,037 GPs	1,182 GPs	1,282 GPs	9
Enhancement of Environmental Education	● Boost voluntary education ● Double the number of licensed and certified personnel	–	–	Promoted the acquisition of two kinds of licenses.	Promoted the acquisition of four kinds of licenses.	Promoted the acquisition of four kinds of licenses.	1.87 times Acquired three kinds of licenses	12
	● Promote participation in the Hitachi Group's common education courses (environmental e-learning)	–	–	Executed	Participation rate: 94%	Participation rate: 97%	Participation rate: 98%	
Promotion of Environmental Accounting	● Establishment of environmental accounting with affiliated companies included	(Japan)	(Japan)	(Japan)	(Japan)	(Global)	(Global)	13
	● Collection of environmental burden data of overseas affiliated manufacturing companies	Cost Economic Effects 495 million yen 119 million yen	412 million yen 154 million yen	561 million yen 198 million yen	542 million yen 188 million yen	452 million yen 84 million yen	494 million yen 118 million yen	
Eco-products								
Expansion of Environment-friendly Products	● Expansion of products with environmental information indicated ● Ratio of Eco-Products among the new models (global): 70% or more ● Sales ratio of Eco-Products: 60% or more	72 % (Japan) 67 %	81 % (Japan) 63 %	85 % (Japan) 64 %	81 % (Japan) 64 %	82 % (Japan) 71 %	85 % (Global) 61 %	15
	● Promote the 3 Rs (1) Reduce the use of packing materials (Japan) (based on FY2002 levels)	Reduced by 23 %	Reduced by 24 %	Reduced by 36 %	Reduced by 42 %	Changed to (2)	–	
	(2) Reduction of use of packing materials/unit (Global) (based on FY2007 levels)	–	–	–	–	Reduced by 6 %	Reduced by 11 %	
	● Promote green procurement: ratio of green suppliers	41 %	56 %	78 %	95 %	97 %	97 %	
● Compliance with EU WEEE Directive ● Improvement of possibility rate of "reuse + recycling": WEEE regulation value + 5% or more	PT: 74 % × L I: 81 %	PT: 86 % L I: 94 %	PT: 86 % L I: 86 %	PT: 88 % L I: 92 %	PT: 83 % L I: –	PT: 81 % L I: –	–	
Environmentally Friendly Factories and Offices								
Prevention of Global Warming	● Reduce CO ₂ emissions							18
	(1) Reduce CO ₂ emissions / production (based on FY1990 levels)	Reduced by 19 %	Reduced by 23 %	Reduced by 24 %	Reduced by 20 %	Reduced by 9 %	Reduced by 4 %	
	(2) Reduce CO ₂ emissions (based on FY1990 levels)	Reduced by 35 %	Reduced by 29 %	Reduced by 33 %	Reduced by 39 %	Reduced by 57 %	Reduced by 57 %	
	(3) Reduce Electric power for production / production (based on FY1997 levels)	Reduced by 13 %	Reduced by 13 %	Reduced by 12 %	Reduced by 9.2 %	Changed to (4) and (7)	–	
	(4) Reduction of electric power / production (Domestic manufacturing dpt.) (based on FY2008 levels)	–	–	–	–	Reduced by 1.2 %	Changed to (5)	
	(5) Reduction of electric power / production (Domestic manufacturing dpt.) (based on FY2009 levels)	–	–	–	–	–	Reduced by 1.4 %	
	(6) Reduction of electric power / production (Overseas factories) (based on FY2009 levels)	–	–	–	–	–	Reduced by 7.4 %	
	(7) Reduction of electric power (Domestic indirect dpt.) (based on FY2008 levels)	–	–	–	–	Reduced by 5.8 %	Changed to (8)	
	(8) Reduction of electric power (Domestic indirect dpt.) (based on FY2009 levels)	–	–	–	–	–	Increased by 5.3 %	
	(9) Reduce the use of A-type Heavy oil (based on FY1999 levels)	Reduced by 4 %	Reduced by 10 %	Reduced by 28 %	Reduced by 38 %	Reduced by 56 %	Reduced by 59 %	
● Reduce transportation-related energy consumption								
(1) Reduction of index per unit of sales associated with transport (based on FY2000 levels)	Reduced by 9 %	Reduced by 19 %	Changed to (2)	–	–	–		
(2) Reduce CO ₂ emissions/sales during product transport (based on FY2006 levels)	–	–	Reduced by 7 %	Reduced by 6.2 %	Reduced by 15 %	Reduced by 15 %		
Effective Use of Resources	● Reduction of waste							21
	(1) Reduction of final disposal ratio of waste (final disposal volume/total emission) (Domestic manufacturing dpt.)	1.32 %	3.20 %	2.0 %	0.7 %	0.52 %	0.26 %	
	(2) Reduction of waste (excluding valuable resources) (domestic manufacturing dpt.) (based on FY1998 levels)	Reduced by 19 %	Reduced by 22 %	Changed to (3)	–	–	–	
	(3) Reduction of waste (Domestic manufacturing dpt.) (based on FY2000 levels)	–	–	Reduced by 19 %	Reduced by 33 %	Reduced by 68 %	Reduced by 61 %	
	(4) Reduction of waste / production (Overseas factories) (based on FY2009 levels)	–	–	–	–	–	Reduced by 4.1 %	
● Promotion of collection and recycling of batteries: ● Amount of collected waste batteries	13.7 t	15.9 t	19.8 t	20.9 t	18.0 t	16.9 t		
Water Conservation	● Reduction of the usage of tap water (based on FY2005 levels)	–	Reduced by 1 %	Reduced by 19 %	Reduced by 27 %	Reduced by 37 %	Reduced by 38 %	22
Chemical Substance Management	● Reduction of handling volume of PRTR Class I Designated Chemical Substance (based on FY1999 levels)	Reduced by 25 %	Reduced by 26 %	Reduced by 37 %	Reduced by 49 %	Reduced by 58 %	Reduced by 67 %	23
	● Reduction of emissions of chemical substances specified by Hitachi ● Zero emissions of prohibited substances specified by Hitachi	Introduction of hexavalent chrome recovery unit: zero emissions	zero emissions	zero emissions	zero emissions	zero emissions	zero emissions	

※ PT: Power Tools , L I: Life-science Instruments

Hitachi Koki Group FY2010 Environmental Action Plan: Target and Performance

Activity	Target	Target value	Performance result	Self assessment	Reference page
Global Environmental Management					
Advance of Activity Level	<ul style="list-style-type: none"> Increase the Green Point (GP) in GREEN 21 Version 3 	1,280 GP	1,282 GP	◆◆◆◆	9
Enhancement of Environmental Management Structure	<ul style="list-style-type: none"> Strengthening consolidated environmental management for overseas affiliated manufacturing companies <ul style="list-style-type: none"> Promoting information sharing and collecting environmental burden data Development of a unified action plan and operation by management system Situation assessment and confirmation of environmental activities 	Established Promoted Activity confirmation	Established Promoted Activity confirmation	◆◆◆◆ ◆◆◆◆ ◆◆◆◆	10
	<ul style="list-style-type: none"> Promotion of ISO14001 Certification <ul style="list-style-type: none"> Brush up scope of certification 	20 sites	20 sites	◆◆◆◆	
Enhancement of Environmental Education	<ul style="list-style-type: none"> Boost voluntary education: Double the number of licensed and certified personnel 	Promoted the acquisition of five kinds of licenses.	1.87 times Acquired three kinds of licenses	◆◆	12
	<ul style="list-style-type: none"> Promote participation in the Hitachi Group's common education courses: Participation rate 	95 %	98 %	◆◆◆◆	
Promotion of Environmental Accounting	<ul style="list-style-type: none"> Expansion of the application for environmental accounting: Implementation on Site A of Hitachi environmental management classification 	Established	Established	◆◆◆◆	13
Eco-products					
Compliance with Environmental Laws	<ul style="list-style-type: none"> Reduce the use of hazardous chemical substances <ul style="list-style-type: none"> RoHS: Compliance of the centrifuges RoHS: Response to revised plan REACH: Register of the object substances REACH: Monitoring substances to be registered, including molded components 	Promoted Under review Completed the 1st registration Construction of aggregate calculation system	Being promoted Being handled Registration completed Aggregate calculation system under construction	◆◆◆◆ ◆◆◆◆ ◆◆◆◆ ◆◆◆◆	14
Promotion of Eco-products	<ul style="list-style-type: none"> Promotion of Eco-Design management 	Executed	In action	◆◆◆◆	14
Expansion of Environment-friendly Products	<ul style="list-style-type: none"> Expansion of Environment-friendly Products <ul style="list-style-type: none"> Ratio of new eco-products (global) Sales ratio of eco-products (global) 	85 % Construction of aggregate calculation system	85 % 61%	◆◆◆◆ ◆◆◆◆	15
	<ul style="list-style-type: none"> Number of registered super eco-products 	One super eco-product	One super eco-product	◆◆◆◆	
	<ul style="list-style-type: none"> Promote the 3 Rs <ul style="list-style-type: none"> Utilization of the aggregate calculation system of used packing materials 	Situation analysis	Situation analysis	◆◆◆◆	
	<ul style="list-style-type: none"> Promote green procurement <ul style="list-style-type: none"> Expand green procurement activities 	97 % Sankyo Diamond Industrial Co., Ltd., Nikko Tanaka Engineering Co., Ltd.	97 % Sankyo Diamond Industrial Co., Ltd.	◆◆◆◆	
Environmentally Friendly Factories and Offices					
Compliance with Environmental Laws	<ul style="list-style-type: none"> Enforce symptom management and comply with laws 	Executed	Law / voluntary standards: Not exceeded	◆◆◆◆	17
Prevention of Global Warming	<ul style="list-style-type: none"> Reduce CO₂ emissions <ul style="list-style-type: none"> Reduction of electric power / production (Domestic manufacturing dpt.) (based on FY2009 levels) 	Reduced by 35 % Reduced by 1 %	Reduced by 57 % Reduced by 1.4 %	◆◆◆◆ ◆◆◆◆	18
	<ul style="list-style-type: none"> Reduction of electric power / production (Overseas factories) (based on FY2009 levels) 	Reduced by 1 %	Reduced by 7.4 %	◆◆◆◆	
	<ul style="list-style-type: none"> Reduction of electric power (Domestic indirect dpt.) (based on FY2009 levels) 	Reduced by 1 %	Increased by 5.3 %	◆	
	<ul style="list-style-type: none"> Reduce the use of A-type Heavy oil (based on FY1999 levels) 	Reduced by 56 %	Reduced by 59 %	◆◆◆◆	
	<ul style="list-style-type: none"> Reduce CO₂ emissions/sales during product transport (Japan) (based on FY2006 levels) 	Reduced by 11 %	Reduced by 15 %	◆◆◆◆	
	<ul style="list-style-type: none"> Promote afforestation activities at the factories 	Executed	Continuous promotion	◆◆◆◆	
Effective Use of Resources	<ul style="list-style-type: none"> Reduction of final disposal ratio of waste (Domestic manufacturing dpt.) 	0.5 % or less	0.26 %	◆◆◆◆	21
	<ul style="list-style-type: none"> Reduction of waste <ul style="list-style-type: none"> Reduction of waste(Domestic manufacturing dpt.) (based on FY2000 levels) Reduction of waste / production (Overseas factories) (based on FY2009 levels) 	Reduced by 60 % Reduced by 1 %	Reduced by 61 % Reduced by 4.1 %	◆◆◆◆ ◆◆◆◆	
	<ul style="list-style-type: none"> Promotion of recycling of batteries <ul style="list-style-type: none"> Doubling of amount of collected waste batteries (based on FY2009 levels) 	1.15 times (20.7 t)	0.94 times (16.9 t)	◆	
Chemical Substance Management	<ul style="list-style-type: none"> PCB Management 	(Katsuta Plant) Partly taken out	Executed	◆◆◆◆	22
	<ul style="list-style-type: none"> Strick control over hazardous chemical substances: Expansion of New Chemical Substances Preliminary Review System 	Nikko Tanaka Engineering Co., Ltd.	Expansion to Nikko Tanaka Engineering Co., Ltd.	◆◆◆◆	
Worldwide Stakeholder Collaboration					
Environmental Communication	<ul style="list-style-type: none"> Promote the publication of environmental activities <ul style="list-style-type: none"> Issue of Environmental Sustainability Report and publication of website 	Continued	Continued	◆◆◆◆	24
Global Citizen Activities	<ul style="list-style-type: none"> Promote social action programs <ul style="list-style-type: none"> Cleaning, support for environmental education at schools, etc. 	Support	Support	◆◆◆◆	24

[Self assessment]: ◆ fail to get a result, ◆◆ slightly produce a result, ◆◆◆◆ produce a result

Hitachi Koki Group FY2011 Environmental Action Plan

Activity	Target	FY 2011	Reference page
Global Environmental Management			
Advance of Activity Level	<ul style="list-style-type: none"> ● Increase the Green Point (GPs) in GREEN 21-2015 	384 GPs	9
Enhancement of Environmental Management Structure	<ul style="list-style-type: none"> ● Strengthening consolidated environmental management for overseas affiliated manufacturing companies <ul style="list-style-type: none"> ● Development of a unified action plan and operation by management system ● Situation assessment and confirmation of environmental activities ● Promotion of ISO14001 Certification <ul style="list-style-type: none"> ● Brush up scope of certification 	Established Activity confirmation	10
	Enhancement of Environmental Education	<ul style="list-style-type: none"> ● Boost voluntary education: Double the number of licensed and certified personnel ● Promote participation in the Hitachi Group's common education courses: Participation rate of environmental e-learning 	
Promotion of Environmental Accounting	<ul style="list-style-type: none"> ● Expansion of the application for environmental accounting: Implementation on Site A of Hitachi environmental management classification 	Continued	13
Eco-products			
Compliance with Environmental Laws	<ul style="list-style-type: none"> ● Reduce the use of hazardous chemical substances <ul style="list-style-type: none"> ● RoHS: Compliance of the centrifuges ● RoHS: Response to revised plan ● REACH: Monitoring substances to be registered, including molded components 	Promoted Under review Construction of aggregate calculation system	14
Promotion of Eco-products	<ul style="list-style-type: none"> ● Promotion of Eco-Design management <ul style="list-style-type: none"> ● Ratio of models for which CO₂ emissions in the life cycle are evaluated 	Three models	14
Expansion of Environment-friendly Products	<ul style="list-style-type: none"> ● Expansion of Environment-friendly Products <ul style="list-style-type: none"> ● Ratio of new eco-products (global) ● Sales ratio of eco-products (global) ● Promote the 3 Rs <ul style="list-style-type: none"> ● Utilization of the aggregate calculation system of used packing materials ● Promote green procurement <ul style="list-style-type: none"> ● Expand green procurement activities 	87 % 64 % Disclosure of analysis result Nikko Tanaka Engineering Co., Ltd.	15
	Environmentally Friendly Factories and Offices		
Compliance with Environmental Laws	<ul style="list-style-type: none"> ● Enforce symptom management and comply with laws 	Executed	17
Prevention of Global Warming	<ul style="list-style-type: none"> ● Reduce CO₂ emissions <ul style="list-style-type: none"> ● Reduction of electric power / production (Domestic manufacturing dpt.) (based on FY2009 levels) ● Reduction of electric power / production (Overseas factories) (based on FY2009 levels) ● Reduction of electric power (Domestic indirect dpt.) (based on FY2009 levels) ● Reduce CO₂ emissions / sales during product transport (Japan) (based on FY2006 levels) 	Reduced by 2 % Reduced by 2 % Reduced by 2 % Reduced by 12 %	18
	Effective Use of Resources	<ul style="list-style-type: none"> ● Reduction of final disposal ratio of waste (Domestic manufacturing dpt.) ● Reduction of waste <ul style="list-style-type: none"> ● Reduction of waste / production (Domestic manufacturing dpt.) (based on FY2010 levels) ● Reduction of waste / production (Overseas factories) (based on FY2009 levels) ● Promotion of recycling of batteries <ul style="list-style-type: none"> ● Doubling of amount of collected waste batteries (based on FY2009 levels) 	0.3 % or less Reduced by 1 % Reduced by 2 % 1.30 times
Chemical Substance Management	<ul style="list-style-type: none"> ● PCB Management 	(Katsuta Plant) Take out completely	22
	<ul style="list-style-type: none"> ● Reduction of VOC emissions to the atmosphere: <ul style="list-style-type: none"> ● Ratio of VOC emissions to the atmosphere (emission / amount handled) (global) 	61 %	
Conservation of Ecosystems	<ul style="list-style-type: none"> ● Nature conservation activities on company premises <ul style="list-style-type: none"> ● Green space conservation, biotic conservation 	Executed	20
Worldwide Stakeholder Collaboration			
Environmental Communication	<ul style="list-style-type: none"> ● Promote the publication of environmental activities <ul style="list-style-type: none"> ● Issue of Environmental Sustainability Report 	Continued	24
Global Citizen Activities	<ul style="list-style-type: none"> ● Active backing of a campaign of the Ministry of the Environment <ul style="list-style-type: none"> ● Promotion of "Challenge 25 Campaign" 	Executed	24

Global Environmental Management

Aiming at formulating a systematic environmental management system, and in order to maintain and improve the ongoing environmental activities, we are continuously working on improvement of the management systems in and outside Japan, enhancement of the environmental education and promotion of the environmental accounting.

Advance of Activity Level

GREEN 21 Version 3 Activities

To ensure continuous improvement in our environmental management activities and continuous reduction of environmental risks, the Hitachi Group utilizes the GREEN 21 Version 3, evaluation system which employs numerical scores to measure progress.

This GREEN 21 Version 3 clearly describes our target GPs (Green Points) for each fiscal year as well as evaluation details and ratings with respect to each evaluation item. It enables us to act towards the specific goals, and eventually helps us to set up targets for the next year based on the evaluations of our performance by GPs (Green Points), while assuring continuous improvement.

The evaluation score (GPs) achieved by us in fiscal 2010 was 1,282 GPs and we successfully achieved the target score of 1,280 GPs, making remarkable improvement in eco-factories (prevention of global warming and resource recycling). In fiscal 2011 and afterward, evaluating on the basis of "GREEN21-2015," a new standard of the Hitachi Group, we will continue to make efforts toward higher evaluation.

- **Activity period:** FY2006 to FY2010

*In FY2011 and afterward, we will act on the basis of a new standard "GREEN21-2015."

- **Target**

	FY2006	FY2007	FY2008	FY2009	FY2010
GPs (Green Points)	755	890	1,024	1,152	1,280

Note) Performance results for FY2006

- **Evaluation Criteria (8 categories) and Evaluation Points**

No.	Category	Principal performance indicators	Evaluation points (GPs)				
			FY2006	FY2007	FY2008	FY2009	FY2010
1	Eco-management	Action plan, environmental accounting and risk management	95	125	165	161	170
2	Eco-minds	Employee training and education	98	98	153	166	177
3	Eco-products	Eco-design management, eco-products and management of product chemical content	124	138	132	172	173
4	Eco-products – Green Procurement	Green procurement	48	72	112	146	163
5	Next-Generation Products and Services	Business and product strategies, sustainable business and advertisement	76	84	94	139	149
6	Eco-factories – Prevention of Global Warming	Energy saving at operation sites and environment-responsive distribution	146	164	122	133	154
7	Eco-factories – Resource Recycling	Waste reduction and chemical substance management	70	104	133	152	169
8	Worldwide Stakeholder Collaboration	Information disclosure, communication and global citizen activities	98	110	126	113	127
Total of GPs			755	895	1,037	1,182	1,282

Note) In FY2008 and before: Evaluation of domestic group companies

In FY2009 and afterward: Average evaluation of domestic group companies and overseas affiliated manufacturing companies

Improvement of Environmental Management Structure

Enhancement of Consolidated Environmental Management for Overseas Manufacturing Companies

Following an increase in the overseas production ratio in the Hitachi Koki Group, we have been strengthening the consolidated environmental management for the overseas affiliated manufacturing companies since fiscal 2008. As our goals, we set the following three targets: 1) information sharing and collection of environmental burden data, 2) development of individual action plans and operation in management system, and 3) assessment of current situations and verification of environmental activities.

Enhancement of consolidated environmental management for overseas affiliated manufacturing companies

Target	Activities	FY2008	FY2009	FY2010
Information sharing and collection of environmental burden data	Obtaining established environmental policies, purposes and targets	Obtained	Obtained	Obtained
	Survey of environmental burden (Review of environmental management classification)	Investigated	Investigated	Continuous survey
	Survey of detailed environmental burden (Fujian Hitachi Koki Co., Ltd., Guang Dong Hitachi Koki Co., Ltd., Hitachi Koki (Malaysia) Sdn. Bhd.)		Investigated	Continuous survey
	Promotion of compliance with EU environmental standards / REACH regulations		Conducting preliminary survey	Conducting secondly survey Consideration and establishment of the aggregate calculation system
	Sharing information on action plans (Hitachi Koki)	Executed information sharing		Continuous information sharing
Development of individual action plans / Operation in management system		Investigated	Established	
Assessment of current status / Verification of environmental activities			Assessment of Investigation	Investigation of environmental activities China (Fujian), China (Guang Dong)

The activities of the unified action plan of overseas affiliated manufacturing companies in fiscal 2010 resulted in significant reduction in both electric power and waste disposal.

Especially, with "Reduction of electric power (reduction of electric power / production (per unit of production))," measures of electric power reduction such as careful adjustment of air conditioners at each manufacturing company and restraint of working on holidays contributed to the result. In addition, increase in production greatly decreased the index per unit of production.

Environmental Action Plan for affiliated manufacturing companies

No.	Action item	Target	Performance of FY 2010	
			FY 2010	of FY 2010
1	Reduction in electric power	Reduction in electric power / production (per unit of production) [in comparison with fiscal 2009]	1 % reduction	7.4 % reduction
2	Reduction in waste disposal	Waste disposal / production (per unit of production,) including valuable resources [in comparison with fiscal 2009]	1 % reduction	4.1 % reduction
3	Enhancement of the system to secure non-existence of Hazardous Substances	Conducting continuously Hazardous Substances mass production check	—	—
4	Promotion of environmental education	Promotion of participation in environmental e-learning	—	—

Promotion of ISO14001 Certification

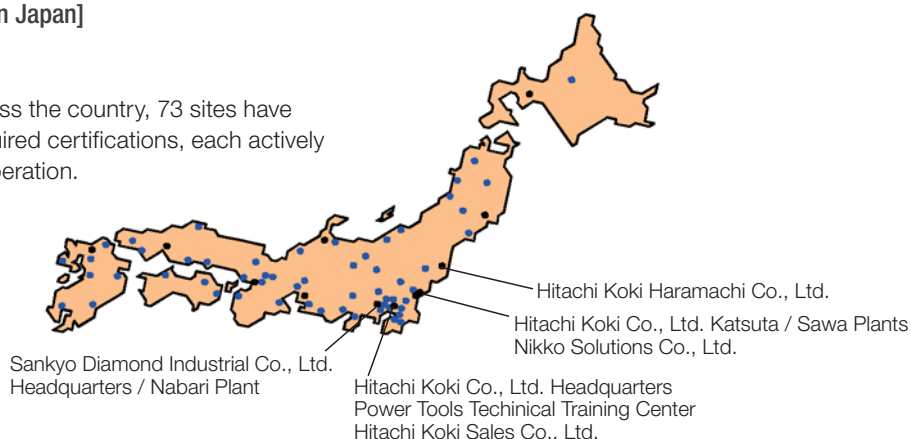
Regarding the ISO 14001 Environmental Management System, the Hitachi Koki Group manages it as single system within Japan, and separately at the respective sites outside Japan. Since we acquired ISO 14001 in 1996 in Japan, we have promoted expanding the application and integration of the certification among the domestic group companies, while our overseas affiliated manufacturing companies successfully acquired the certification one after another. In fiscal 2010, we brushed up the authentication at Hitachi Koki Power Tool Centers (20 sites).

ISO 14001 acquiring situation

	Certified sites
Japan	Hitachi Koki Co., Ltd. : Headquarters, Katsuta plant, Sawa plant, Distribution division (Yamazaki), Hokkaido / Tohoku / Kanto / Chubu / Kansai / Kyushu blocks, Power tools technical training center, Hitachi Koki Power Tool Centers (61 site), Yoyogi office Hitachi Koki Haramachi Co., Ltd., Nikko Solutions Co., Ltd., Hitachi Koki Sales Co., Ltd., Sankyo Diamond Industrial Co., Ltd.
Outside Japan	Hitachi Koki Europe Ltd., Hitachi Koki (Malaysia) Sdn.Bhd., Guang Dong Hitachi Koki Co., Ltd., Hitachi Koki Taiwan Co., Ltd., Fujian Hitachi Koki Co., Ltd.

[Certified sites in Japan]

Across the country, 73 sites have acquired certifications, each actively in operation.



[Acquisition date]

Companies		Date of acquisition	Certification organization
Japan	Hitachi Koki Co., Ltd., Hitachi Koki Haramachi Co., Ltd. Nikko Solutions Co., Ltd., Hitachi Koki Sales Co., Ltd. Sankyo Diamond Industrial Co., Ltd.	September 24, 1996	JACO: Japan Audit and Certification Organization
Outside Japan	Hitachi Koki Europe Ltd.	January 15, 1998	NSAI: National Standards Authority of Ireland
	Hitachi Koki (Malaysia) Sdn.Bhd.	July 20, 2001	BVQI: Bureau Veritas Quality International
	Guang Dong Hitachi Koki Co.,Ltd.	April 19, 2006	BSI: British Standards Institution
	Hitachi Koki Taiwan Co.,Ltd.	November 2, 2006	
	Fujian Hitachi Koki Co.,Ltd.	September 25, 2007	

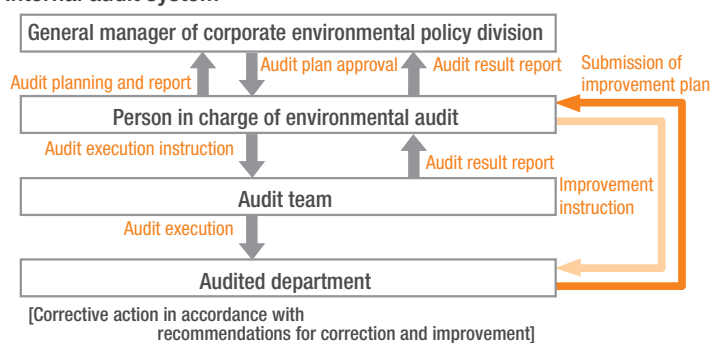
● Audit

Internal Audit

Specially trained “internal auditors” conduct audit of all departments once a year. Any noncompliance found during the audit must be corrected within a specific time frame to improve the reliability of environmental management.

Annual education and training programs are provided to increase the number of internal auditors. In fiscal 2010, four new internal auditors were additionally registered through training conducted by external organizations.

Internal audit system



[Number of internal environmental auditors]

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Number of auditors	43	43	47	49	38	46	47

External Audit

In addition to the internal audit, accredited auditors from outside the company conduct “external audit” every year. In external audit, comprehensive assessment is made covering respective nonconformance findings and the overall quality of the system as well, to contribute to continuous improvement of the environmental management.

Enhancement of Environmental Education

Boost voluntary education

To avoid an insufficiency in the number of legally qualified personnel required for environmental activities in the Hitachi Koki Group, we have established an education plan to promote acquisition of qualifications and an increase in the number of qualified personnel with a goal of fostering twice as many as the required number of personnel.

In fiscal 2010, the total of six Hitachi Koki personnel were newly qualified as Environmental Pollution Control Operator (two for Air, three for noise and vibration) and Qualified Manager of the specially controlled industrial wastes (one.)

In order to effectively address environmental issues, it is important that all employees acquire a high level of environmental awareness. For the sake of this awareness acquisition, we are continually providing all staff members with general and department-specific education as well as environmental education dealing with more specialized topics. As another environmental initiative, we hold regular meetings to explain our Environmental Action Plan to suppliers and seek their cooperation in our environmental activities.

Promote participation in the Hitachi Group's common education courses

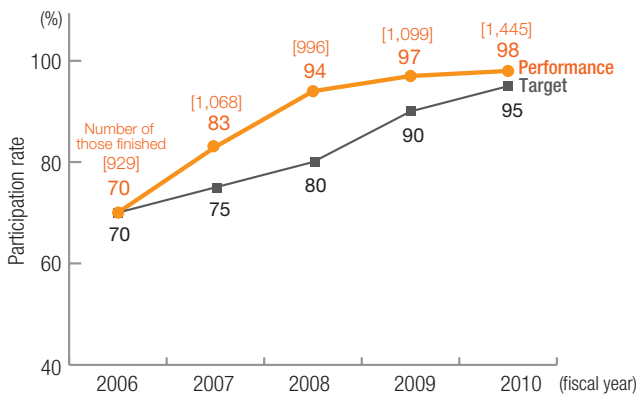
We promote participation to our eco-mind education program "environmental e-learning" over the Internet common to Hitachi Group to nurture "eco-minds" among our employees. In fiscal 2010, environmental e-learning courses were taken by 1,445 employees, 98% of all the staff to whom they were available.

Participation to "environmental e-learning" is also promoted at overseas factories. The number of participants steadily increased from 147 in fiscal 2009 to 376 in fiscal 2010. We will continuously promote participation.

[Environmental education system]

Classification	Course name
General education	Environmental e-Learning Education, Environmental Policy and Environmental Management System Education
Special education	Special Course on Environmental Matters, Education on Specific Tasks, Training in Anticipation of Emergencies, Internal Auditor Education
Department-specific education	Technical Education on Environmental Design, Education on Industrial Waste Control
Others	New Personnel Education, Supplier Education

[Trends in participation rate of eco-mind education]



[Implementation of eco-mind education at overseas factory]



Promotion of Environmental Accounting

● Environmental Accounting Practices

We are constantly striving to improve environmental accounting practices in order to keep pace with developments in the Hitachi group.

● Purpose

We introduced an environmental accounting system to achieve the following objectives:

- To gain an accurate understanding of the costs involved in environmental management and make a quantitative assessment of the results. This information is then utilized to further develop and improve environmental management systems.
- To publicize the stance taken by the management of Hitachi Koki with regard to environmental activities by releasing information on how managed resources are distributed.

● Cost and Results (FY2010)

[Cost]

(Unit: millions of yen)

Item	Costs			Overview
	Japan	Outside Japan	Total	
Business area	180.1	10.2	190.3	Costs of maintenance of equipment with low environmental burden, depreciation, etc.
Upstream/downstream	17.7	0.0	17.7	Recycling of products and packaging, recycling expenses
Management activities	193.4	6.1	199.5	Labor costs of environmental management, implementation and maintenance of environmental management system
Research and development	78.0	0.0	78.0	R&D for the reduction of environmental burden caused, product design expenses
Social activity	1.3	0.0	1.3	Planting, beautification, and other environmental improvement expenses, PR and publicity expenses
Environmental damage	7.6	0.0	7.6	Environmental mitigation costs, assessments, etc.
Total	478.1	16.3	494.4	—
Total investment	3.5	0.0	3.5	Investment in energy-saving equipment and equipment for reduced environmental burden

Depreciation on investment is calculated using a five-year constant.

[Economic Effects]

(Unit: millions of yen)

Item	Effects			Overview
	Japan	Outside Japan	Total	
Net income effects	62.5	13.4	75.9	Sale of reusable waste
Reduced expenses effects	41.5	0.2	41.7	Reduction in use of electricity, recycling of plastic and aluminum items
Total	104.0	13.6	117.6	—

Benefits on equipment investment are calculated over five years, as with costs.

1. Classification of items having an economic effect

- Net income effects: benefits for which there is real income, including income from the sale of resalable material
- Reduced expenses effects: reduction in electricity and waste treatment expenses arising from environmental burden reduction activities

2. The economic effect does not include any deemed effects (e.g., added value, avoidance of risk).

[Physical Effects]

(Unit: million kWh)

Item	Amount reduced			Overview
	Japan	Outside Japan	Total	
Reduction in the amount of electricity used during production	2,044	—	2,044	Energy saving by anti-air leakage measure and replacing electric appliances
Reduction in the amount of electricity consumed during product usage	115,984	—	115,984	Electric power tools (e.g., CG 14DSL)

Only representative items are listed as examples of physical effects.

Eco-products

To make a sustainable society come true, we are promoting its compliance with environmental laws, the increase in the production ratio of eco-products and green procurement to provide products and services of less environmental burden.

Compliance with Environmental Laws

The Hitachi Koki Group is addressing global issues of regulating chemical substances contained in products. The compliance with RoHS Directive restricting the use of certain chemicals in Europe has been implemented on our power tools since 2006. At present, we are monitoring newly emerging information on exemption and the trend of revision proposal. As for centrifuges that are likely to fall under the scope in 2014, lead-free print boards are now being introduced.

The compliance with REACH has been implemented since 2008. The first registration of regulated substances and mixtures was completed in November, 2010. Notification of substances of very high concern (SVHC) contained in products has been proven to be unnecessary by continued inspection conducted at all European affiliated companies (importers,) showing no evidence of restricted content or only a small amount below the restriction, if any. We will continue our investigation.

[Regulation on Restricting the Use of Chemicals in Products]

Laws, Regulations and Directives		Response status
RoHS (※1)	Power Tools	Monitoring continuously information on exemption
	Centrifuges	Lead-free print board
	Response to revised proposal	Trend assessment (Compliance assessment, CE marking, etc.)
REACH (※2)	Registration (substances/mixtures)	Preparation for 1st registration
	Notification (substances contained in products)	Collection of information on contained substances (SVHC on 1st Candidate List : not applicable)
Battery Directive	Ban on use of Ni-Cd batteries	Trend observation

※1 RoHS: Directive on the Restriction of the use of certain Hazardous Substances in electrical and electronic equipment

※2 REACH: Registration, Evaluation, Authorization and Restriction of Chemicals

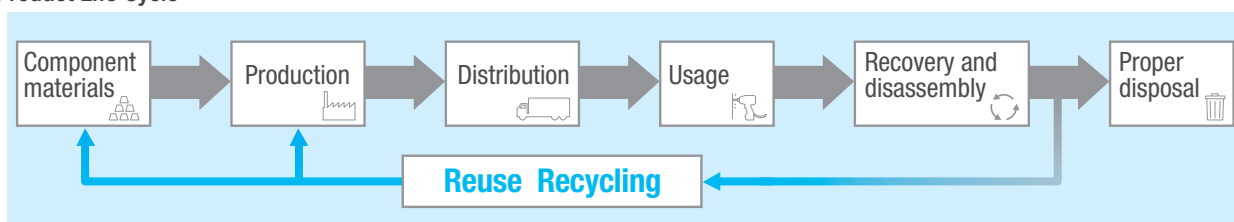
Promotion of Eco-products

Promotion of Eco-Design Management

Based on the Hitachi Group Ecodesign Management Guidelines, we are making efforts to build a management system where the departments of business planning, design, procurement, manufacturing and quality assurance are obliged to perform their own operations considering the environment and to keep their records respectively.

Prior to this management system, we adopted the Design for Environment Assessment System as a method to analyze and assess environmental compliance, which is now efficiently in use. During the stages of development and design, trial product and mass production, from procurement of materials to production, distribution, usage, recovery/disassembly and proper disposal, the environmental burden is assessed quantitatively throughout the entire life cycle of products. We focus on manufacturing products with less environmental burden, taking into account especially; Reduce (less weight, less use of energy, and longer life), Reuse, Recycle (recycled resources), Environmental conservation (anti toxicity, etc.) and the like.

Product Life Cycle



Based on a result of the assessment of environmental design compliance, we designate those products surpassing specific environmentally conscious criteria as Eco-Products, which are registered within the Hitachi Group. Eco-Products are introduced in our product catalogs along with Hitachi's environmental mark, whose environmental information is disclosed on Hitachi Koki Co., Ltd. website.

[Hitachi Koki Co., Ltd. website address]

<http://www.hitachi-koki.co.jp/env/envdata/index.html>



Eco-product symbol

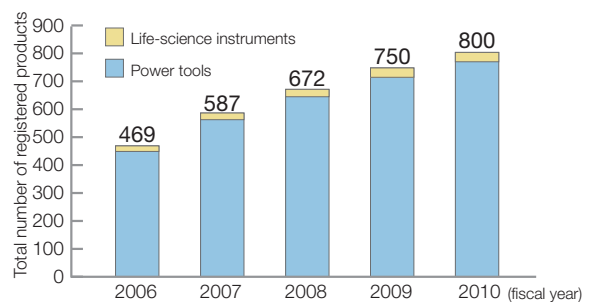
Expansion of Environment-friendly Products

In fiscal 2010, 50 power tools were registered as Eco-Products.

As a result, Hitachi Koki Group's Eco-Products total up to 770 power tools and 30 centrifuges.

In fiscal 2010, the production ratio of Eco-Products among the new models was 85% (global,) while the sales ratio of Eco-Products was 61% (global.)

[Total Number of Eco-Products Models]



Examples

Cordless Brushcutter CG 14DSL

The installation of a highly efficient disk motor at the pole end reduced product weight and realized resource saving.

- Product weight : 23% reduction*1
- Li-ion battery with less environmental burden provided

*1: Compared with Hitachi Koki's conventional model (FCG 18DAL, released in 2009)



Cordless Electronic Pulse Driver WM 14DBL

Realized noise reduction when used, by adopting an electron pulse method.

- Noise emissions during use: 14dB reduction*1

*1: Compared with Hitachi Koki's conventional model (WH 14DBAL, released in 2008)



Cordless Driver Drill DS 9DVC

Reduced the product weight by downsizing the product and realized resource saving.

- Product weight : 14% reduction*1

*1: Compared with Hitachi Koki's conventional model (DS 9DVF3, released in 2005)



Demolition Hammer H 60MC

Reduced product weight by optimizing design to realize resource saving.

- Product weight : 3% reduction*1

*1: Compared with Hitachi Koki's conventional model (H 60MR, released in 2005)



High Pressure Air Compressor EC 1433H

Reduced product weight by optimizing design to realize resource saving.

- Product weight : 11% reduction*1

*1: Compared with Hitachi Koki's conventional model (EC 1445H, released in 2009)



Jig Saw CJ 90VST

Reduced the product length by downsizing the motor and realized resource saving.

- Product length : 7% reduction*1

*1: Compared with Hitachi Koki's conventional model (CJ 110MV, released in 2005)









Engine Chain Saw CS 40EA

Realized reduction of vibration by adopting a coil spring vibration-proof structure.

- Vibration during use: 33% reduction*1

*1: Compared with Hitachi Koki's conventional model (CS 43E, released in 2008)



<p>Engine Blower RB 24EAP / RB 24EA</p> <p>Reduced product weight by optimizing design to realize resource saving.</p> <ul style="list-style-type: none"> • Product weight : 15% reduction*1 <p>※1: Compared with Hitachi Koki's conventional model (RB 24E, released in 2008)</p>	 <p>RB 24EAP</p>
<p>Disc Grinder G 10SQ / G 12SQ / G 13SQ</p> <p>Reduced product weight by optimizing design to realize resource saving.</p> <ul style="list-style-type: none"> • Product weight : 16% reduction*1 <p>※1: Compared with Hitachi Koki's conventional model (G 12SE2 / G 13SE2, released in 2003)</p>	 <p>G 10SQ</p>
<p>Shear Wrench WS 20G</p> <p>The installation of a brushless motor realized energy saving.</p> <ul style="list-style-type: none"> • Efficiency (electric quantity per a M20 bolt tightening) : 17% reduction*1 <p>※1: Compared with Hitachi Koki's conventional model (WS 20Y, released in 1983)</p>	
<p>Charger UC 18YMRL</p> <p>Enabled to charge with both AC and DC power supplies and realized resource saving.</p> <ul style="list-style-type: none"> • Provided with two functions to save resources*1 <p>※1: Compared with Hitachi Koki's conventional model (UC 18YRL, released in 2006)</p>	
<p>Battery BCL 1030A</p> <p>Provided Li-ion batteries with reduced environmental burden.</p> <ul style="list-style-type: none"> • Use of lead-free soldering 	
<p>Electronic Hedge Trimmer CH 18DSL</p> <p>Realized energy saving by increasing the cutting width and reducing the burden current.</p> <ul style="list-style-type: none"> • Efficiency (operating time for one charging) increased by 25%*1 <p>※1: Compared with Hitachi Koki's conventional model (CH 10DL, released in 2008)</p>	

Promote the 3 Rs

The Hitachi Koki Group has constructed the system that aggregates the total use of packaging materials to determine the global usage including overseas production. The amount of used packaging materials per product is consistently reducing from year to year. In the future, we will analyze in detail the use of packaging materials utilizing the system, and continue to make efforts towards more reduced use of packaging materials per product.



Promote green procurement

To deliver environmentally sound products to our customers, Hitachi Koki is asking suppliers for understanding and collaboration in actively carrying out environmental protection activities and supplying materials and components having reduced environmental burden. We are pursuing environmental improvement in stronger cooperation with "green suppliers," Hitachi Koki's classification of suppliers who have acquired environmental certification by themselves. With the ratio of green suppliers reaching 97% in fiscal 2010, we will expand green procurement activities to affiliated companies and further increase the ratio of green suppliers.

Environmentally Friendly Factories and Offices

In order to promote prevention of global warming, efficient use of resources and appropriate control of chemical substances, we are working on reducing the environmental burden in our factories and offices.

Compliance with Environmental Laws

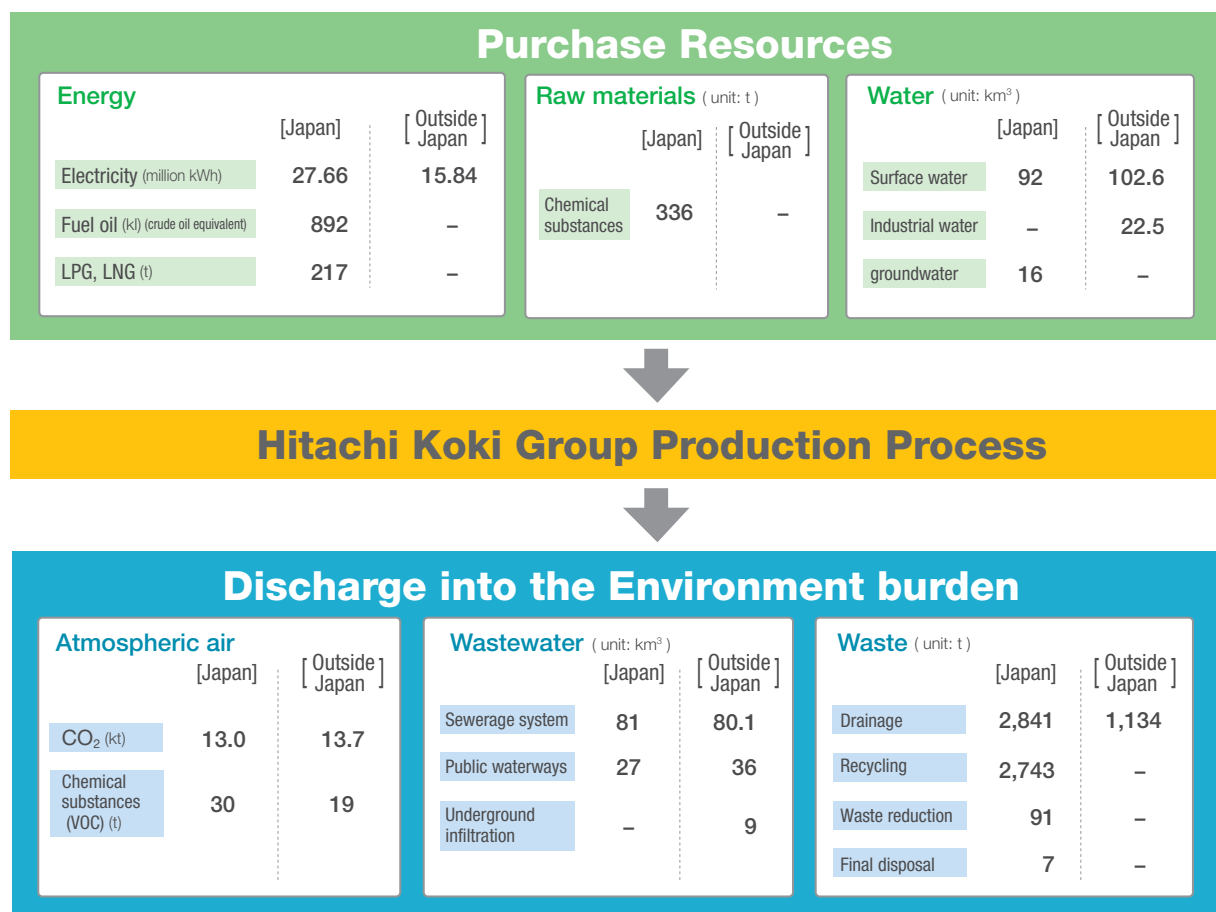
Enforce symptom management and comply with laws

For the sake of environmental conservation, we have established stricter criteria at factories and offices than legal regulation and are carrying out periodical measurement, maintenance of environmental conservation facilities, and symptom management of measurement results to prevent environmental pollution. We are also checking the statuses of achievement and maintenance of legal and other requirements against the compliance status list to ensure that compliance is maintained.

Furthermore, we are improving risk management by replacing underground piping, pits, and tanks with above-ground ones and renewing superannuated piping on a scheduled basis and, as a measure of risk aversion, are carrying out emergency training once a year to verify the effectiveness of training.

Purchase of Resources and Discharge into the Environment

Hitachi Koki Group's environmental performance result in fiscal 2010 is as follows.



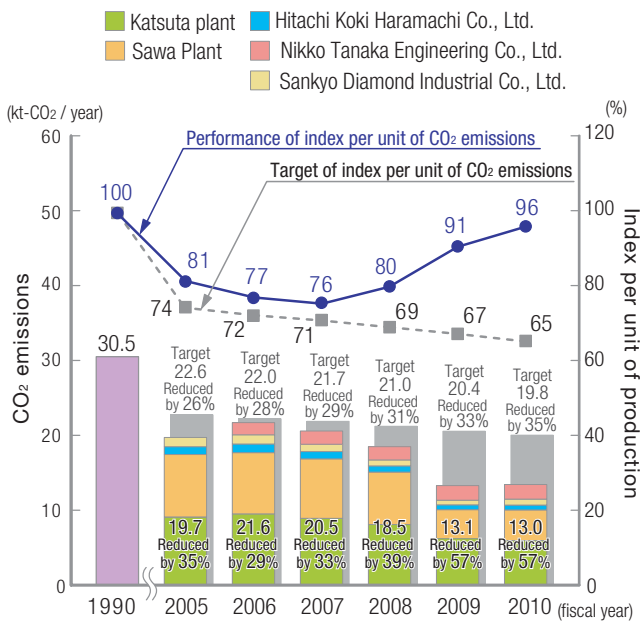
Prevention of Global Warming

Global warming is a critical problem. Thus, we are striving to cut the emissions of greenhouse gases such as CO₂ (carbon dioxide) and promote energy conservation activities.

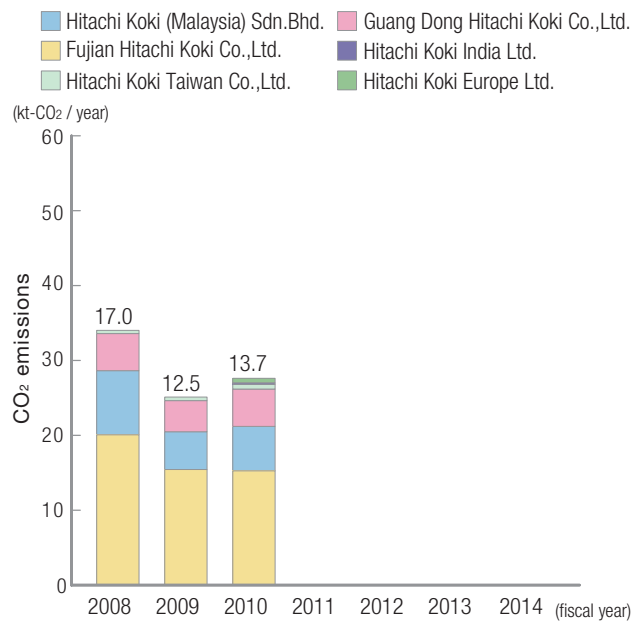
Reduce CO₂ emissions

In Japan, CO₂ emissions were reduced by 57% in fiscal 2010 from the fiscal 1990, and further efforts to reduce emissions and improve the index per unit of production will be devoted to achieving a substantial reduction. In fiscal 2008, we started to identify and assess CO₂ emission data of our overseas affiliated manufacturing companies as well.

[CO₂ emissions at domestic factories]



[CO₂ emissions at overseas factories]



In Japan we perform energy saving activities in accordance with relevant energy saving laws and regulations, while outside Japan we set respective target of reduced energy consumption and operate business to meet them. Our actual energy use and goals are as follows.

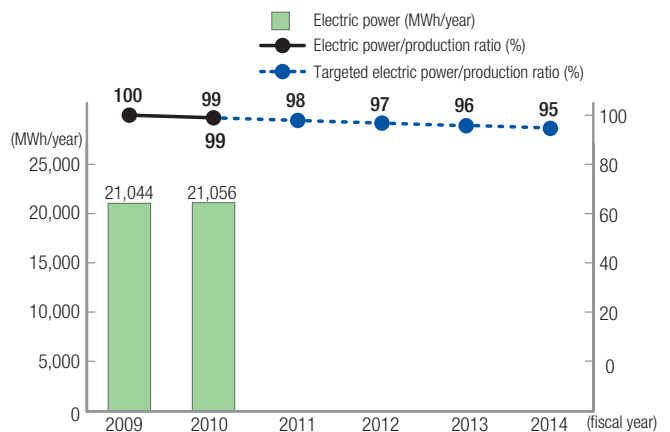
● Activities in manufacturing division: Reduction of electric power / production

The domestic manufacturing division is engaged in continuous improvements under the theme of "Reduction in electric power / Production."

In fiscal 2010, we achieved a 1.4% reduction from fiscal 2009. We aim to achieve a final goal of 5% reduction by fiscal 2014 in comparison with fiscal 2009.

[Energy-Saving in Domestic Manufacturing Division]

Reduction in electric power / production (Domestic Manufacturing Division)



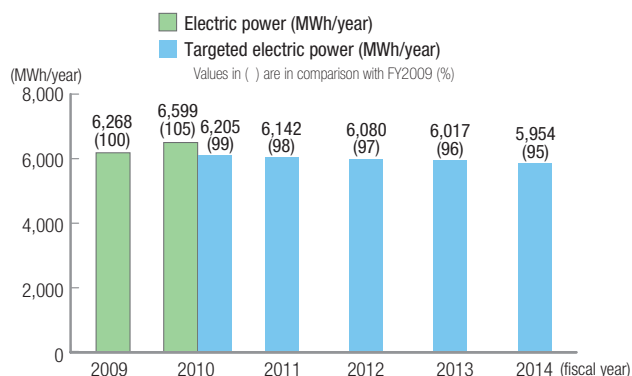
● Activities in domestic indirect division: Reduction of electric power

The indirect division of the factories and the respective offices located nation-wide are pursuing improvements under the theme of “Reduction in Energy consumption.”

In fiscal 2010, electric power increased by 5.3% from fiscal 2009 due to hot weather. We aim to achieve a final goal of 5% reduction by fiscal 2014 in comparison with fiscal 2009 performance by continuously strengthening measures.

[Energy-Saving in Domestic Indirect Division]

Reduction in electric power (Domestic Indirect Division)



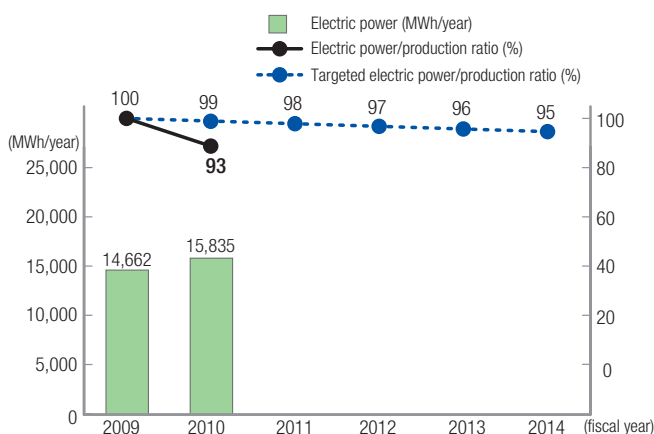
● Activities in overseas affiliated manufacturing companies: Reduction of electric power/production

The overseas affiliated manufacturing companies are pursuing improvements under the theme “Reduction in electric power / Production.”

In fiscal 2010, we achieved a 7.4% reduction of electric power from fiscal 2009. We aim to achieve a final goal of 5% reduction by fiscal 2014 in comparison with fiscal 2009.

[Energy-Saving in Overseas Manufacturing Companies]

Reduction in electric power / production (Overseas Manufacturing Division)



● Main challenges

Promotion of improvement of lighting efficiency

In order to improve the efficiency of lighting facilities, we take various measures such as adjustment of installation height, division of circuits, automatic extinction, review of the number of installed units etc.

As a major measure in fiscal 2010, we positively introduced highly efficient lighting such as diverse LED lighting systems and cold cathode fluorescent lamps.

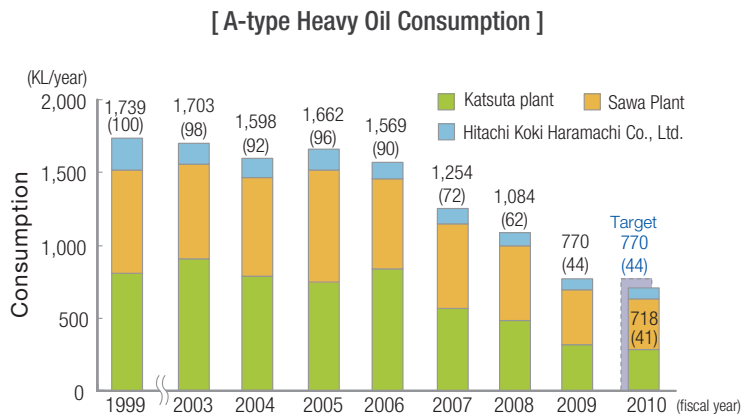
Effect on reduction in electricity: (54 MWh/year)



Reduce the use of A-type Heavy Oil

Katsuta Plant, Sawa Plant and Hitachi Koki Haramachi Co., Ltd. are working on reduction in the use of A-type heavy oil for heating and steaming.

In fiscal 2010, the total amount of use was reduced by 59% from fiscal 1999 by measures such as promotion of thermal insulation of buildings and thorough temperature control.

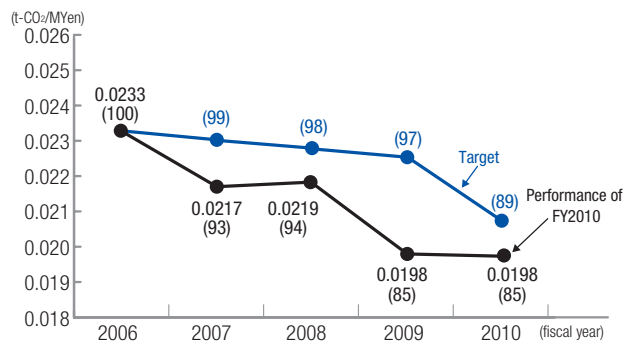


Reduction in Transportation-related Energy Consumption

In order to reduce transportation-related energy consumption, we aim to achieve a goal of 11% reduction of “transportation-related CO₂ emissions / sales” index by fiscal 2010 in comparison with fiscal 2006.

As a result of reducing the environmental burden during transport by introducing a modal shift and improving the loading ratio, the Hitachi Koki Group achieved a 15 % reduction in index per unit of sales in fiscal 2010 from fiscal 2006.

[Transportation-related CO₂ Emission Index per Unit of Sales]



Afforestation Activities

The Katsuta Plant has preserved the natural woodland on its site. This area is home to many species of birds and includes about 1700 evergreen and deciduous trees.

In addition, about 600 cherry trees have been planted alongside of the roads at our site, offering relaxing zones for employees and ex-employees to enjoy full cherry blossoms at their best.



Row of cherry trees (Katsuta Plant)



Wild pheasants (Sawa Plant)

At the Sawa Plant, unoccupied areas that serve as the habitat for groups of wild pheasants have been allowed to revert to their wild natural state (with no weeding or other forms of disturbance permitted). Now wild ducks come to take a rest and drink water, which provides visitors to the Sawa Plant with a sense of nature enjoyment.

Effective Use of Resources

Through production without wasting resources, we are striving to reduce industrial waste.* We are also promoting reuse and recycling to effectively utilize industrial waste as new resources, and striving to reach the Hitachi Koki Group's target of zero-emissions activity (i.e., final disposal rate of 0.5% or less).

*Industrial waste also includes waste metals processed as valuable resources from the standpoint of recycling resources.

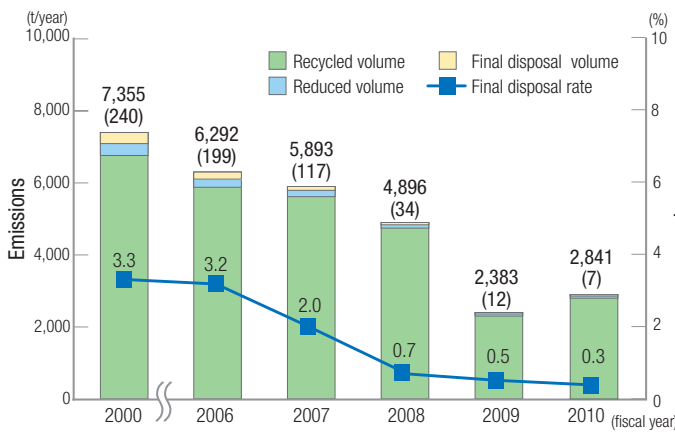
Reduction of Waste Discharge, Minimization of Final Disposal Rate of Waste

In Japan, we strove to reduce the emission of industrial waste by 60% compared with fiscal 2000 by fiscal 2010. In fiscal 2010, the emission of industrial waste was 2841 tons, 61% down from fiscal 2000.

The final disposal rate in fiscal 2010 was 0.26% and we achieved zero-emissions (final disposal rate of 0.5% or less). From fiscal 2011, we are committed to further reduction to reach a final goal of the final disposal rate of 0.2% or less by fiscal 2015.

Overseas, we strive to reduce waste disposal/production. In fiscal 2010, we achieved a 4.1% reduction from fiscal 2009.

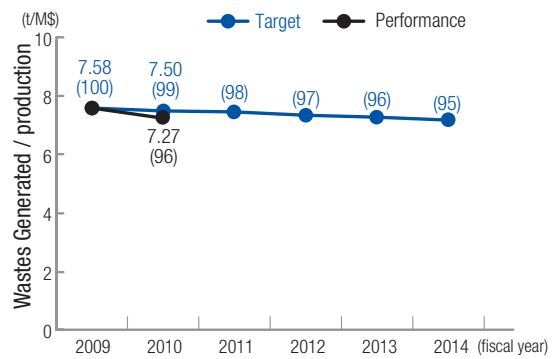
[Total Volume of Wastes Generated Within Japan, Final Disposal Rate]



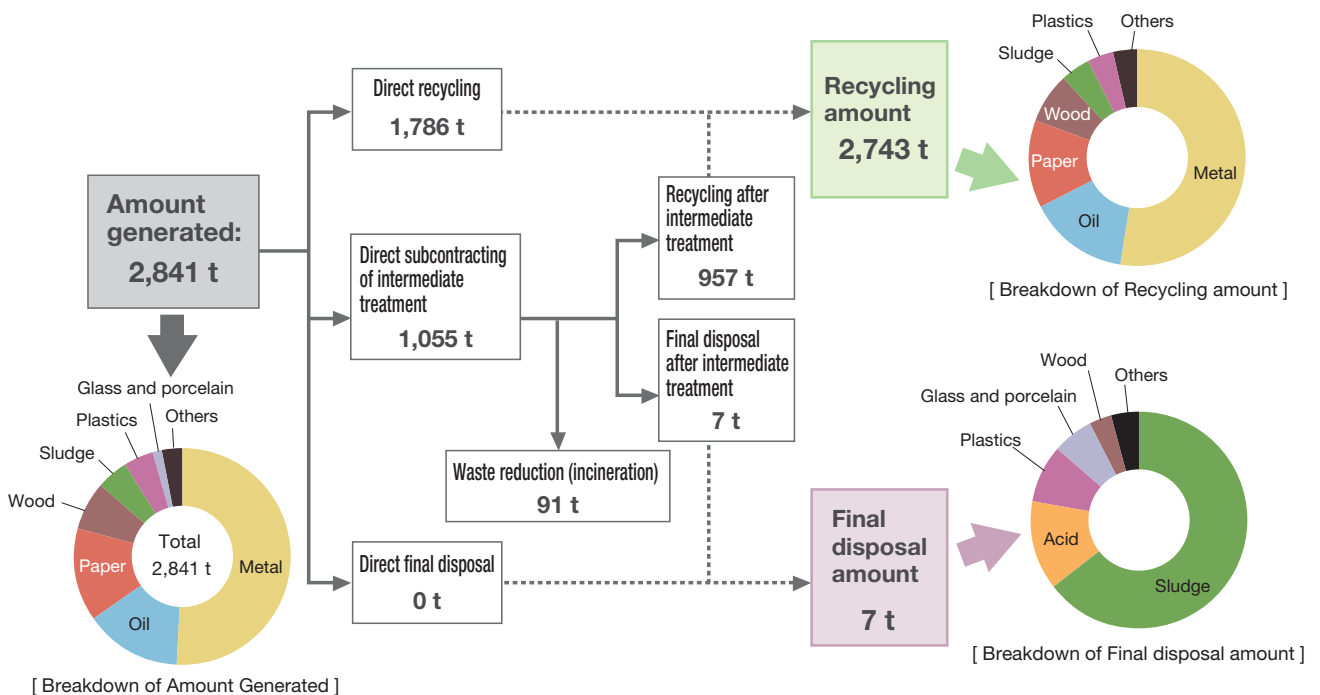
() : Final disposal volume

Final disposal rate (%) = (Final disposal volume/emission) x 100

[Total Volume of Wastes Generated / production outside Japan]



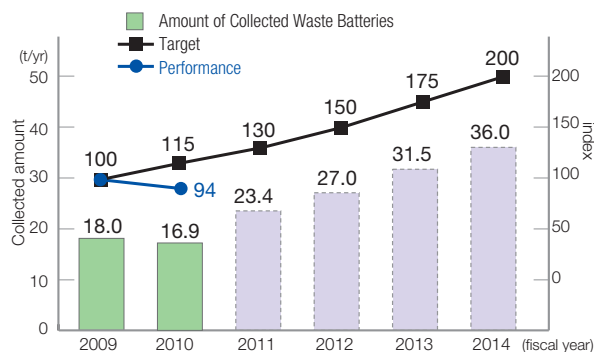
FY2010 Treatment Flow of Emissions and Valuable (Japan)



Promotion of Recycling of Batteries

As a recycling member of Japan Portable Rechargeable Battery Recycling Center (JBRC), the Hitachi Koki Group established collection points at 83 sites nationwide including Hitachi Koki Power Tool Centers and takes an active role in collection and recycling of waste batteries. From fiscal 2010, we are pursuing improvements under the action goal “doubling of amount of collected waste batteries,” and are aiming to achieve a final goal of 200% by fiscal 2014 in comparison with the fiscal 2009 performance level. In fiscal 2010, with the impact of the great earthquake at the end of the fiscal year (March) in addition to the severe economic situation lasting from three years before, the amount decreased as much as 6% in comparison with the previous year.

[Amount of Collected Waste Batteries (Hitachi Koki Group in Japan)]

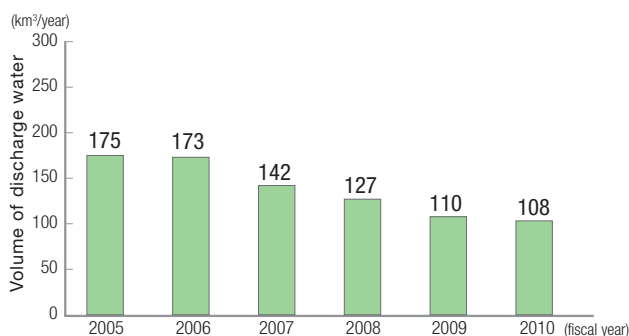


Water Conservation

Transition of Water Consumption

The Hitachi Koki Group is endeavoring to use limited water resources effectively by taking every possible measure such as consolidating production facilities, preventing water leakage from piping, and reusing industrial wastewater.

[Water Usage within Japan]



[Water Usage outside Japan]

	(Unit: km³/year)	
	FY 2009	FY 2010
China (Fujian)	57.1	59.9
China (Guang dong)	22.8	22.5
Malaysia	27.8	36.0
Taiwan	4.8	5.2
India	–	1.3
Ireland	–	0.2
Total	112.5	125.1

Chemical Substance Management

PCB Management

All devices or apparatus using PCBs were removed from our production facilities except some capacitors and transformers employed at a few production facilities. Those devices still using PCBs are strictly managed in accordance with the special PCB law regardless of whether in service or storage.

In fiscal 2010, we transported some of the capacitors stored at Katsuta Plant to Hokkaido Facility of Japan Environmental Safety Corporation (JESCO) for proper treatment.



PCBs in storage

Management System

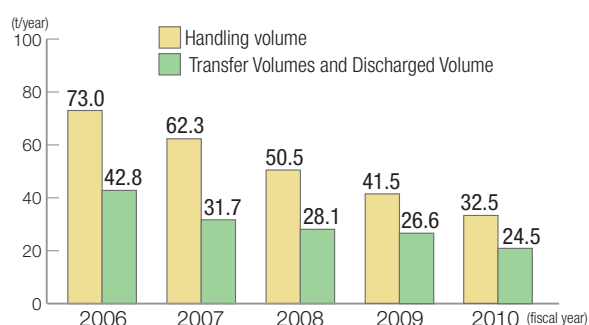
Since the introduction of the New Chemical Substance Preliminary Review System in 1994, we have been managing it to restrict the use of harmful chemical substances. Under this system, no purchase of chemicals other than those approved by the Environmental Management Subcommittee is allowed, effectively preventing the use of harmful substances. All chemical substances are properly maintained in the database according to the "New Chemical Substance Preliminary Review System," which facilitates the assessment of the amount and classes of chemicals used by the entire company or individual divisions.

Management of Chemical Substances under the PRTR Law

Under the PRTR Law (Pollutant Release and Transfer Register Law concerning reporting, etc. of releases to the environment of specific chemical substances and promoting improvements in their management), we assess the total amount of such chemical releases into the atmosphere, public waters, etc. as well as wastes transported outside our plants and offices, and report to the local authorities regarding actual figures in Japan according to the law.

In fiscal 2010, the Hitachi Koki Group used 21 items among the restricted 462 chemical substances (the total amount of substances handled: 10kg or more per year, as of March end, 2011).

[Handling Volume / Release Transport Volume of Chemical Substances subject to the PRTR Law]



● Volumes of Handling and Releases/Transfers of Chemicals Restricted under the PRTR Law (Handling Volumes of 10kg or more)

(Unit: kg/year)

PRTR substance number	Chemical Substances	Discharged volume	Release volume				Transfer volume		Total of release/transfer volumes	Adherence to products	Others
			Air	Water	Soil	Landfill at plants	Disposal	Sewer			
21	2-aminoethanol	80					80		80		
53	Ethylbenzene	1,528	1,528						1,528		
57	Ethylene glycol monoethyl ether	520					520		520		
59	Ethylenediamine	36					36		36		
80	Xylene	7,819	7,819						7,819		
132	Cobalt and its compounds	1,832							0	1,832	
133	2-ethoxyethyl acetate	171					94		94	77	
169	3- (3,4-dichlorophenyl) -1,1-dimethylurea	22							0	22	
186	Dichloromethane	382	382						382		
240	Styrene	540	540						540		
262	Tetrachloroethylene	3,283	3,283						3,283		
297	1,3,5-trimethylbenzene	134	134						134		
300	Toluene	8,872	8,872						8,872		
304	Lead	14							1	13	
308	Nickel	6,326					633		633	5,693	
309	Nickel compounds	121					36		36	85	
374	Hydrogen fluoride and its water-soluble salt	250					75		75	175	
400	Benzene	186	186						186		
405	Boron and its compounds	156					156		156		
448	Methylenebis(4,1-phenylene) diisocyanate	240	96				72		168	72	
453	Molybdenum and its compounds	11							0	11	
Total		32,523	22,840	0	0	0	1,703	0	24,543	7,980	0

● VOC Handling Volume (1 t or more per year)

(Unit: t/year)

VOC substances handled	Japan	China (Fujian)	China (Guangdong)	Malaysia	Taiwan	Total
Toluene	9.2	0	0	0	0	9.2
Butyl acetate	2.9	5.8	0	0	0	8.7
Methanol	36.3	0	0	1.2	0	37.5
Xylene	8.0	1.9	0	5.0	0	14.9
Ethanol	0	1.4	0	0	0	1.4
Ethylbenzene	1.0	0	0	0	0	1.0
1-Butanone	1.2	3.5	0	0	0	4.7
Methyl isobutyl ketone	1.0	0	0	0	0	1.0
Tetrachloroethylene	3.3	0	0	0	0	3.3
Total	62.9	12.6	0.0	6.2	0.0	81.7

Worldwide Stakeholder Collaboration

Environmental Communication

Promote the publication of environmental activities

Although Hitachi Koki Group has established an organization responsible for managing environmental activities, all employees (including temporary workers and part-timers) have been working together to solve environmental problems. Nevertheless, it is impossible for one company alone to solve environmental problems which makes collaboration with our stakeholders essential to be effective in this area. Hitachi Koki marks information on our environmental activities available through various publications and on our Web site to keep everyone informed and maintain good communications with the wider community.

● Environmental documents

Environmental Sustainability Report/Environmental Data Book:

2005, 2006, 2007, 2008, 2009, 2010

● Website providing information on our environmental activities

<http://www.hitachi-koki.co.jp/env/index.html>

● Exhibitions

We participated in the Industrial Exchange Fair (Hitachinaka city, Ibaraki pref.) to display on panels Hitachi Koki Group's representative eco-products, Lithium-ion series cordless power tools, as well as our environmental activities, while promoting active communication exchanges with the local communities.



Industrial Exchange Fair 2010



Hitachi Koki display booth

Global Citizen Activities

Promote social action programs

Hitachi Koki has actively promoted environmental preservation activities (such as afforestation at our sites) coupled with support for environmental education in schools. We welcomed primary and junior high school students from Hitachinaka city, Ibaraki prefecture in their "social studies field trip" and "practical experience study" tour. We explained to the students how our products are made and provided them with opportunities for practical exercises.

Every year, our employees actively participate in "Beach Cleaning Campaign" led by Hitachinaka City to clean the beach. We will continue to pursue these activities while maintaining good communication with the local communities where our offices and other facilities are located.



Social studies field trip (Sawa Plant)



Beach cleaning campaign

Environmental Management Data

Plants Data

(Environmental management data about water quality, air quality, etc.)

No affiliated company exceeded the legal and voluntary management standard figures in fiscal 2010.

Hitachi Koki Co., Ltd. Katsuta Plant

Air quality (Boilers)

Item	Legal and regulatory standard	Affiliated company standard	Actual result max.
NO _x (ppm)	180	120	74
Smoke particulates (g/Nm ³)	0.3	0.2	< 0.01

Water quality (Public waters)

Item	Legal and regulatory standard	Affiliated company standard	Actual result max.
Hydrogen ion exponent (pH)	Over 5 and under 9	5.2 ~ 8.8	6.9 ~ 7.2
Biological oxygen demand (BOD) (mg/L)	< 600	≤ 200	21
Suspended solids (SS) (mg/L)	< 600	≤ 200	35
n-hexane extract (mineral oil) (mg/L)	≤ 5	≤ 1.7	< 1
n-hexane extract (fauna/flora oil) (mg/L)	≤ 30	≤ 10	< 1

Noise level

Category	Legal and regulatory standard	Affiliated company standard	Actual result max.
Daytime (dB)	75	75	55

Hitachi Koki Co., Ltd. Sawa Plant

Air quality (Boilers)

Item	Legal and regulatory standard	Affiliated company standard	Actual result max.
NO _x (ppm)	180	120	81
Smoke particulates (g/Nm ³)	0.3	0.2	< 0.01

Water quality (Public waters)

Item	Legal and regulatory standard	Affiliated company standard	Actual result max.
Hydrogen ion exponent (pH)	Over 5 and under 9	5.2 ~ 8.8	7.1 ~ 8.4
Biological oxygen demand (BOD) (mg/L)	< 600	≤ 480	72
Suspended solids (SS) (mg/L)	< 600	≤ 200	47
n-hexane extract (mineral oil) (mg/L)	≤ 5	≤ 1.7	< 1
n-hexane extract (fauna/flora oil) (mg/L)	≤ 30	≤ 24	2

Noise level

Category	Legal and regulatory standard	Affiliated company standard	Actual result max.
Daytime (dB)	75	75	52

Hitachi Koki Haramachi Co., Ltd.

Air quality (Boilers)

Item	Legal and regulatory standard	Affiliated company standard	Actual result max.
NO _x (ppm)	180	144	97
Smoke particulates (g/Nm ³)	0.30	0.15	0.005

Water quality (Public waters)

Item	Legal and regulatory standard	Affiliated company standard	Actual result max.
Hydrogen ion exponent (pH)	5.8 ~ 8.6	6.3 ~ 7.7	7.1 ~ 7.6
Biological oxygen demand (BOD) (mg/L)	≤ 20	≤ 16	16
Chemical oxygen demand (COD) (mg/L)	≤ 30	≤ 24	1.5
Suspended solids (SS) (mg/L)	≤ 50	≤ 40	10
n-hexane extract (mineral oil) (mg/L)	≤ 1	≤ 1	< 2
n-hexane extract (fauna/flora oil) (mg/L)	≤ 10	≤ 8	< 2

Noise level

Category	Legal and regulatory standard	Affiliated company standard	Actual result max.
Daytime (dB)	60	60	49

Sankyo Diamond Industrial Co., Ltd. Main Plant

Water quality (Public sewerage system)

Item	Legal and regulatory standard	Affiliated company standard	Actual result max.
Hydrogen ion exponent (pH)	Over 5.7 and under 8.7	6.2 ~ 7.8	7.5
Biological oxygen demand (BOD) (mg/L)	< 300	≤ 270	30
Suspended solids (SS) (mg/L)	< 300	≤ 270	97
n-hexane extract (mineral oil) (mg/L)	≤ 5	≤ 4	< 1
n-hexane extract (fauna/flora oil) (mg/L)	≤ 30	≤ 27	1.7

Noise level

Category	Legal and regulatory standard	Affiliated company standard	Actual result max.
Daytime (dB)	55	55	52

Vibration

Category	Legal and regulatory standard	Affiliated company standard	Actual result max.
Daytime (dB)	65	65	31

Sankyo Diamond Industrial Co., Ltd. Nabari Plant

Water quality (Public waters)

Item	Legal and regulatory standard	Affiliated company standard	Actual result max.
Hydrogen ion exponent (pH)	5.8 ~ 8.6	6.0 ~ 8.4	7.6
Biological oxygen demand (BOD) (mg/L)	≤ 20	≤ 20	< 5
Suspended solids (SS) (mg/L)	< 200	< 180	< 5
n-hexane extract (mineral oil) (mg/L)	≤ 5	≤ 4.5	< 3

Noise level

Category	Legal and regulatory standard	Affiliated company standard	Actual result max.
Daytime (dB)	70	70	65

Vibration

Category	Legal and regulatory standard	Affiliated company standard	Actual result max.
Daytime (dB)	65	65	41

Nikko Tanaka Engineering Co., Ltd. Shirako Plant

Water quality (Public waters)

Item	Legal and regulatory standard	Affiliated company standard	Actual result max.
Hydrogen ion exponent (pH)	5.8 ~ 8.6	6.0 ~ 8.4	7.2
Biological oxygen demand (BOD) (mg/L)	20	≤ 16	16
Suspended solids (SS) (mg/L)	40	≤ 32	12
n-hexane extract (mineral oil) (mg/L)	3	≤ 2.4	< 1
n-hexane extract (fauna/flora oil) (mg/L)	5	≤ 4	< 1

Noise level

Category	Legal and regulatory standard	Affiliated company standard	Actual result max.
Daytime (dB)	60	60	59.6

Vibration

Category	Legal and regulatory standard	Affiliated company standard	Actual result max.
Daytime (dB)	60	60	46.3

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