

## Main Efforts of the KHI Group

The KHI Group believes that one of the pillars of our Group Mission is to contribute to the environment through our products. We will make thorough efforts in implementing product assessments and complying to overseas laws and regulations and voluntary regulations in industry, and will continue to promote consideration for the environment in our products in the entire KHI Group.

### Implementing Product Assessment

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For newly developed and designed products, as well as for particularly important products, we implement product assessment for resources conservation, energy saving, and recycling with the goal of reducing the environmental impacts of products during their lifecycles.

Because specific evaluation techniques vary depending on the type of product, each division draws up "Product Assessment Rules," enabling responses suitable for the characteristics of its products.

Main evaluation items of product assessment are as shown right.

Since 2000, the ELV Directive, the RoHS Directive and the REACH Regulation have strengthened laws and regulations related to chemical substances in the EU. The RoHS Directive covers electrical and electronic equipment, so some of the products made by our Precision Machinery Company has met the directive. The ELV Directive covers automobiles, but excludes motorcycles. The Motorcycle & Engine Company, however, is participating in the voluntary efforts of JAMA, and Precision Machinery Company is also applying the directive to some of its products.

The REACH Regulation came into force in June 2007, and it applies to all chemical substances manufactured in or imported into the EU. Businesses that manufacture or import chemical substances in quantities of one ton or more are required to register and report those substances.

Our products are mainly articles and only a limited number of them are need to be registered. However, substances that are emitted intentionally or those of very high concern that may cause cancer must be registered and filed. In addition, there are regulations related to evaluation, authorization, restriction and communication of information, so it is necessary to have a system to determine information about the chemical substances included in our products throughout our entire supply chain.

The Rolling Stock Company, Motorcycle & Engine Company and Precision Machinery Company practice "green

procurement" (see p. 26 of booklet version) and respond to requests to determine chemical substance information, and the Motorcycle & Engine Company has created the KMDS II

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As in the year before, in FY2009 we continued to clean the exhaust from motorcycles sold in Japan, making exhaust system improvements to conform with 2007 domestic emissions regulations. During the year, we launched the VULCAN 900 Classic, a large-displacement cruiser model with exceptional environmental performance.

In addition to an electronically controlled fuel injection system, the model has an O<sub>2</sub> sensor, which detects the density of oxygen in emissions to precisely control how much fuel is injected. The result is the optimal air/fuel ratio for the catalyst to function efficiently. The honeycomb catalyst also has a larger capacity, which enhances cleaning of harmful substances contained in emissions.

We also launched sales of the KLX125 and D-TRACKER 125 for beginning riders and riders of larger motorcycles