



CSR Report

2009

**Aiming to live together in harmony
with the people, society and the Earth**

SAWAFUJI ELECTRIC CO., LTD.

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75th Anniversary of Company Establishment



Full-of-Flowers activity

Around the plant, lots of flowers are blooming in flower beds and planters, providing healing space pleasant for the environment, customers and employees.

Greetings from the President

The Sawafuji Electric Group will contribute to the realization of a sustainable society through *monozukuri* (Japanese-style manufacturing) based on the spirit of the foundation.



Founded in 1934, Sawafuji Electric Co., Ltd. is celebrating its 75th anniversary this year. In its early days, the Company developed and produced Japan's first high-voltage magnet generator for aircraft.

Currently, the Company operates electrical equipment, generator and refrigerator businesses and our products are being enjoyed by customers in more than 100 countries, including Japan. With its production and overseas sales bases, the Company has grown into a global corporation.

In these rapidly changing times, the Company was able to gain the support of its customers and other stakeholders because they understand that we have faithfully engaged in our business activities and in the development of local communities under our management philosophy of "making an impression on customers, keeping nature clean and helping persons involved in the Company's business prosper." I would like to express my heartfelt gratitude for their understanding and support.

Under the global management environment, the Company aims to be an earth-friendly company that is trusted by society and customers and the future generations as well. In line with this, the Company made clear what it wants to be in the future and set targets and formulated an action plan under "Sawafuji Vision 2015" to realize these goals.

To achieve these targets, the Company is implementing activities under the name of "Sun Sun Action," under which the Company hopes all employee will engage in valuable and satisfying work, in which individuals, workplaces and the Company will continue to shine with great brilliance.

Sawafuji Electric henceforth will pursue the creation of a sustainable society through *monozukuri*, aiming to preserve the global environment and contribute to the revitalization of the economy.

The CSR Report 2009 introduces a variety of such efforts by Sawafuji Electric. However, these efforts are still insufficient and need to be improved. We recognize the seriousness of this matter and as such will further step up to achieve our goals.

I sincerely appreciate your frank opinions and views regarding this report.

K. Takada

October 2009
Kiyoshi Takada
President and Representative Director,
Sawafuji Electric Co., Ltd.

Basic Philosophy

The Sawafuji Electric Group's Motto, which shows its corporate stance and its Management Philosophy, which expresses its corporate mission, as the bases for corporate activity.

To implement this management philosophy, we have established the Sawafuji Sun Sun Action and its Code of Conduct. We have also set forth the Sawafuji Vision 2015 in the medium-term business plan, which we are now working on.

Business Principles (established in July 1960)

1. Let's push ahead with research, improve technologies and leap forward brilliantly.
2. Let's fulfill our duty to customers and keep our faith with them and contribute to society.
3. Let's establish an even more comfortable workplace through the cooperation and mutual trust between employees and management.

Management Philosophy (established in November 1990 revised in April 2001)

Sawafuji Electric will manufacture quality products, fulfill its corporate social responsibilities and provide prosperity to all parties concerned.

- * Making an impression on customers
- * Keeping nature environment clean
- * Provide prosperity to those involved in the Company's business

Sun Sun (3 X 3) Action and Code of Conduct

Sawafuji Sun Sun (3 X 3) Action

Three parties (executive officers, managers, employees) under a unified effort

For three parties (individuals, workplace, the Company)

Implement three activities

Three pillars for activities:

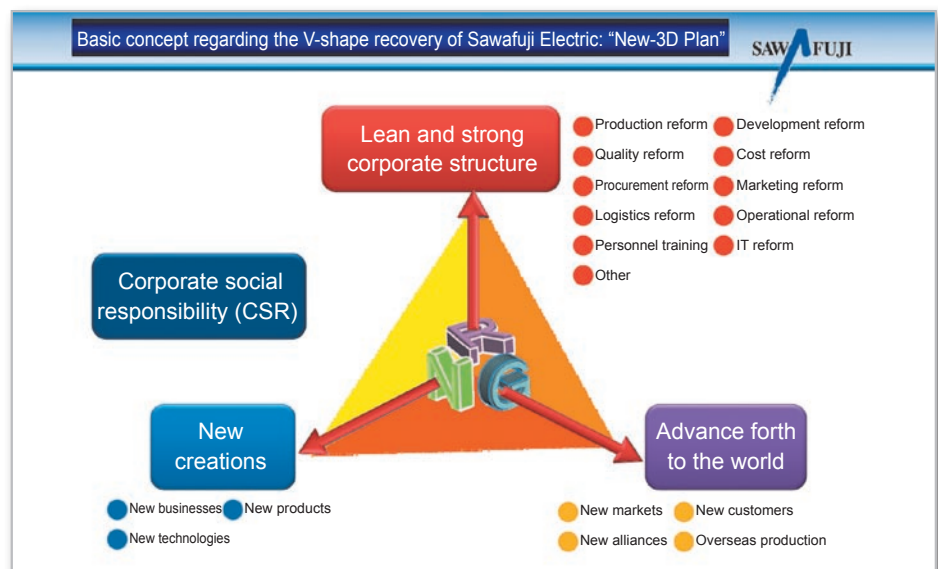
1. FI activities ("Find" and "Identify" issues (or treasures))
2. KMKM activities (Decide, follow, record and monitor)
3. KRe activities (Review, renew and refresh)

Code of Conduct (ADSL)

1. Active
2. Dynamic
3. Speedy
4. Leadership

Sawafuji Vision 2015

To achieve this vision, everyone, from management to staff, will strive to realize a company that shines brilliantly.



CSR Efforts

We will fulfill our social responsibility as a company and help all parties concerned prosper.

Sawafuji Electric's management philosophy is to "manufacture quality products, fulfill its social responsibility as a company and help all parties concerned prosper."

This management philosophy is in accordance with the spirit of corporate social responsibility (CSR) that is prevalent among companies. We regard it as our mission to help realize an affluent and comfortable society and grow as a genuine global corporation that meets the expectations of our customers around the world.

In order to fulfill our corporate responsibilities, we inevitably need alliances with and the cooperation of many stakeholders. We will continue to consider growing together with those of different positions who support our corporate activities and devote ourselves to improving our technologies so that we will continue to be a company that can fulfill our responsibilities to society.

Sawafuji Electric will continuously raise corporate values through faithful and responsible activities for various stakeholders and the fulfillment of our corporate social responsibility.



Management

Corporate Governance

Establishment of corporate governance that respects the positions of Sawafuji Electric's stakeholders

Basic policy

Sawafuji Electric believes that corporate value is increased through improvement in management transparency and compliance with laws and regulations. We are enhancing corporate governance and establishing an organizational system that can quickly respond to the changes in the management environment.

Directors and Board of Directors

Sawafuji Electric has clarified the roles and responsibilities in managerial decision-making and business execution functions, and focused on the establishment of a system that can promptly and appropriately respond to the swift changes of the management environment. In line with this, Directors' terms of office are set at one year to emphasize management's responsibility.

The Board of Directors meets once a month to deliberate and resolve significant management-related matters, including basic policies, items stipulated in related laws and regulations and matters concerning subsidiaries.

Management meeting

Management meetings are held once a week and Directors reports and discuss each other's execution of duties, make flexible managerial decisions and oversee/audit each other's execution of duties.

Auditors and Board of Auditors

Sawafuji Electric is a company with an auditor system under which four Auditors are tasked to audit the Directors' execution of duties; the Board of Auditors is held in accordance with the annual plan. The board conducts audits of the entire Group, including on-site audits of subsidiaries. In addition, the board and certified public accountants meet and explain the outline of each accountant's auditing plans. They also meet during quarterly reviews and year-end audits, attend each other's actual audits and inventory audits and exchange information on audits conducted during the period as necessary. Thus, the Board of Auditors and certified public accountants work together to establish a transparent and fair corporate management system.

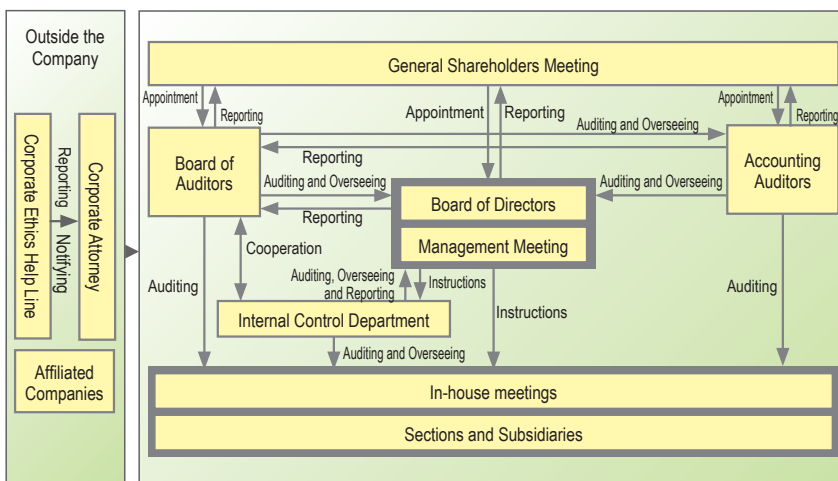
Measures for establishing a system to ensure the efficient execution of Directors' duties

Sawafuji Electric has established a system to ensure that Directors execute their duties efficiently and holds business meetings, profit improvement meetings, product planning meetings and other types of meetings aimed at cross-sectionally discussing and deciding expert matters.

Improvement of the internal control system

At its Board of Directors meeting held in May 2006, Sawafuji Electric announced the "Basic Policy on the Improvement of the Internal Control System," by establishing an Internal Control Committee and an Internal Control Department. In FY 2008 (the 113th term), the Company improved its internal control system over financial reporting, evaluated the implementation of internal control and prepared internal control reports in accordance with the Financial Instruments and Exchange Law.

- Corporate governance system



- "Corporate Governance Report"

Each year, Sawafuji Electric submits a Corporate Governance Report that submits its corporate governance system to the Tokyo Stock Exchange.



Compliance

Corporate activities in accordance with social standards, such as laws and regulations and social common sense

Basic policy and ethics principles

Sawafuji Electric enacted the Corporate Ethics Principles in April 2002 to ensure that it observes laws, regulations and other social standards as well as implement fair and sound corporate activities. In April 2008, the Company issued a Compliance Guide Book with the goal of thoroughly carrying out the compliance.

Establishment of the Corporate Ethics Help Line

Sawafuji Electric has established the Corporate Ethics Help Line, a system which enables persons involved to notify and consult with the staffs regarding any act that violates or is suspected of violating relevant laws, regulations or the Corporate Ethics Principles. Through this system, the Company is monitoring unlawful and antisocial acts by its employees and striving to prevent such acts.

The Company will do its utmost to protect related information of individuals information and preventing them from being taken advantage of.

Education and human resource training

Sawafuji Electric provides compliance education for its employees yearly aiming at the thorough implementation of compliance and employees training.

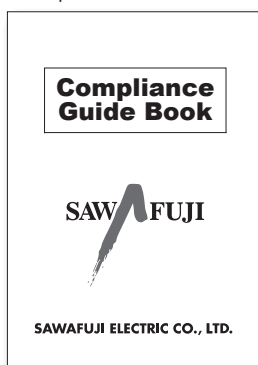
During FY 2008, the Company conducted compliance education for all employees, including those at subsidiaries.

Reviewing of compliance activities

The Internal Control Department is improving compliance by auditing, offering suggestions and making proposals regarding improvements, if any, to the auditing divisions.

In response, the Company provided PL (product liability) education for the parties concerned to urge them again to fully implement compliance.

- Compliance Guide Book



Risk Management

Employees safety and conservation of management resources

Basic policy

Sawafuji Electric takes up material risks from the entire company and adopt measures for decreasing them, the Internal Control Committee deliberates such risks and measures and take the appropriate steps to reduce the loss of personnel, physically and other management resources through the cause of their daily business activities, natural disasters and other accidents.

The Company has established a system for managing emergencies, which enables its staff to quickly take the appropriate measures and restore the pre-emergency status, this communication network has been made known to all employees.

Promotion system

Sawafuji Electric is managing and implementing measures for minimizing risks associated with its overall business activities through the Internal Control Committee under the leadership of the president.

Information Security

Appropriate management and operations of confidential corporate and personal information

Basic policy

To ensure the safety of corporate and personal information, Sawafuji Electric appropriately manages and operates confidential information through the Confidentiality Management Subcommittee. Confidential matters are classified by type and managed accordingly. The Confidentiality Management Subcommittee provides education to make the operation of confidential matters known to all employees.

The Company handles personal information in a lawful and proper manner to protect individuals' rights and interests.

Promoting system

To ensure thorough confidentiality, the general affairs/personnel, corporate planning, technical administration and related divisions promote comprehensive IT management and other confidential matters.

Education and training

Sawafuji Electric provides education regarding confidentiality and information management in its compliance education program; in particular, PC users undergo a test regarding the degree of understanding IT.

The Company has set up an IT Help section on the intranet to help employees understand matters such as security and laws.

Economic Reports

Overview of Sawafuji Electric Group

WEB

(*Figures are as of March 31, 2009)

【Company name】	Sawafuji Electric Co., Ltd.	【Affiliated companies】	Sawafuji Software Development Co., Ltd. (SSD) Ota-shi, Gunma
【Established】	June 10, 1908		Sawafuji Transport Service Co., Ltd. (STS) Ota-shi, Gunma
【Founded】	June 10, 1934		Engel Distribution Pty. Ltd. Perth, Australia
【Capital】	1,080,500,000 yen*		Markon Sawafuji Ltd. Rutland, UK
【Outstanding shares】	21,610,000* (including treasury stock of 24,614 shares)*		
【Number of shareholders】	3,421*		
【Number of employees】	Consolidated 885* Non-consolidated 768*		

Earnings Reports

WEB

Early in FY 2008, prices of oil and raw materials rise sharply and in the latter half of the year, the financial crisis triggered by the subprime mortgage crisis rapidly spread from the U.S. to Europe and the rest of the world. The world economy fell into what has been called the worst recession in 100 years.

This worldwide recession affected Japan, where the yen strengthened rapidly, stock prices decreased substantially, corporate business conditions deteriorated due to a decline in production and exports and consumer spending dropped. As a result, the Japanese economy continues to be sluggish.

In such an economic environment, the Sawafuji Electric Group has conducted business activities by always having a sense of crisis and an awareness of the problems involved, with the customers' viewpoints in mind, under the slogan "No growth in

Sawafuji Electric without revolution." Specifically, the Company has continued its efforts to expand new sales routes worldwide to supply products which meet customers' needs in a timely manner, raise production capacity, establish a technological edge over rivals and strengthen environmental measures.

At the same time, we have implemented emergency steps, including a reduction in investments and a curtailment of expenses, by narrowing down related measures and reviewing the priority of the said measures.

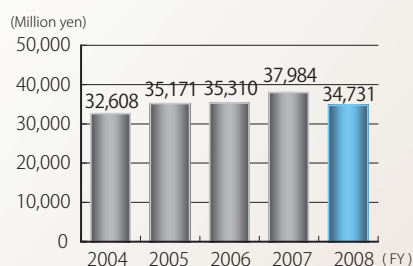
In FY 2008, however, demand increasingly weakened worldwide and the yen appreciated sharply in the third and fourth quarters. As a result, net sales declined 3,253 million yen (8.6%) from the previous year to 34,731 million yen.

Earnings for FY 2008

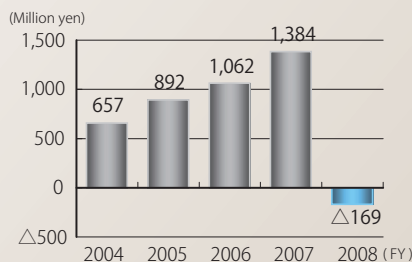
Consolidated earnings of Sawafuji Electric for FY 2008 (the 113th term) are as follows.

- FY 2008 consolidated earnings results

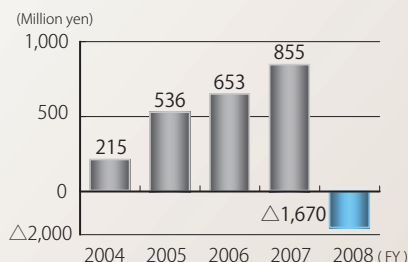
Trends in net sales



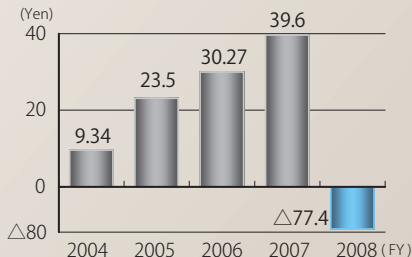
Trends in ordinary income (loss)



Trends in net income (loss)



Trends in net income (loss) per share



Production and Sales Bases

WEB



Headquarters and Nitta Plant, Sawafuji Electric Co., Ltd.
Ota-shi, Gunma



Sawafuji Software Development Co., Ltd. (SSD)
Ota-shi, Gunma



Sawafuji Transport Service Co., Ltd. (STS)
Ota-shi, Gunma



Markon Sawafuji Ltd.
UK



Production of refrigerators
Thailand

Engel Distribution Pty. Ltd.
Australia



Production base

Electrical equipment **SAWAFUJI**

Generators **ELEMEX**

Refrigerators **ENGEL**

Sales base

Electrical equipment

Generators

Refrigerators

Main Products

WEB

Electrical equipment and electronics products for diesel engine trucks and buses



The Company manufactures and sells highly reliable electrical equipment, electronics products and DC motors for small and large trucks and buses. The DC motors are used for outboard engine tilts.



Starters
(Rating: 24V/5kW)



Alternators
(Rating: 24V/60A)



Computers for onboard use



DC motors
(Rating: 12V/400W)

Generators



The Company produces and sells gasoline, diesel and gas generators that meet the voltage specifications of each country and cover an output range of 1kW to 25kW.



SHX1000
(Rating: 900W)



SH7600EX
(Rating: 5.6kVA/50Hz and 6.5kVA/60Hz)



SH11500
(Rating: 9.5kVA/50Hz and 10.5kVA/60Hz)



SH15D
(Rating: 12kVA/50Hz and 13kVA/60Hz)

Refrigerators



The Company produces and sells authentic battery-driven AC/DC refrigerators and freezers for leisure and business vehicles such as passenger cars, trucks, buses, campers and cruisers.



Refrigerator
MD14F
(Capacity: 14L)



Refrigerator/freezer
MR040
(Capacity: 38L)



Refrigerator/freezer
MT60
(Capacity: 60L)



Freezer
STF-100F
(Capacity: 90L)

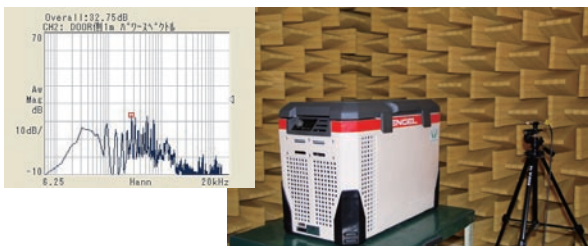
Social Reports

Together with Customers

Sawafuji Electric strives to provide products, *monozukuri* (Japanese-style manufacturing) and services that meet customers' needs, with the highest priority given to customer satisfaction and trust.

Development of products that satisfy customers

To meet customers' needs, Sawafuji Electric conducts not only long-term research and development with an eye toward the future but also makes high quality products consistent with speedy development by using cutting-edge magnetic field analysis software and 3D CAD.



Noise measurement of new refrigerators

Monozukuri for customers

Sawafuji Electric is working hard every day to manufacture products requested by customers from their viewpoint based on the philosophy "Only make what is needed, when needed, in the quantity needed."



Generator assembly line

Efforts to ensure quality in order to provide reliable products

Sawafuji Electric has established a quality assurance system to ensure that customers can use our products with satisfaction, safely and without anxiety.

Efforts on quality improvement

Sawafuji Electric is constantly improving quality, placing top priority on customer satisfaction and increased standard of the expected level of quality and is carrying out quality assurance activities every day with eagerness based on a system in which not even the slightest sign of problems is overlooked.

Quality assurance system

Sawafuji Electric examines and deliberates new products at checkpoints following the predetermined steps as to whether quality of the product is appropriately guaranteed, in accordance with the Company's standard Product Development Process. Only products that pass all the checkpoints will be delivered to our customers as a new product.



Reliability evaluation test of starters with a large truck engine

Service enhancement and quality improvement

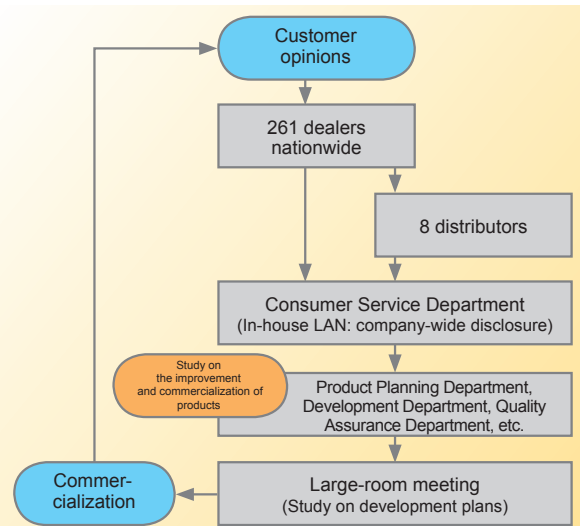
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Giving the highest priority to customer satisfaction, Sawafuji Service Network, which consists of 261 companies provides speedy service to our customers whenever an issue occurs, round the clock.

The Company also holds technology seminars and provides services while going around the country, aiming to improve its ability to handle consultations and complaints from our customers, enhance our service system and raise our service quality.

In FY 2008, we established a service network on our website through which we can quickly settle complaints and provide technical information.

- In-house system that reflects customers' opinions



Together with Local Communities

Company's contribution activity basic policy

Sawafuji Electric as a whole is implementing social activities in line with its basic policy to contribute to society.

Basic policy

- To contribute to society broadly from the viewpoint of CSR;
- To maintain a good relationship and seek coexistence with local communities; and
- To further communication with the local population and conduct activities beneficial to local communities as a local community member.

Activities for contributing to society

Contribution to projects for protecting and breeding albatrosses

Sawafuji Electric's Engel refrigerators play a key role in the Ministry of the Environment's Project to Establish New Breeding Places. Under this project, the refrigerators transported to Mukojima in the Ogasawara Island Chain, where they are used as containers to keep fresh feed for albatross chicks (a rare wild species in Japan). The Company donated two Engel refrigerators to the Yamashina Institute for Ornithology, which is implementing the project, to be used for protecting the ecosystem.



Refrigerators presentation ceremony



Protecting and breeding activities on Mukojima

Picture courtesy of the Yamashina Institute for Ornithology

Donation of refrigerators to cyclone hit Myanmar

On May 2 and 3, 2008, Myanmar was struck by a devastating cyclone and the dead numbered in the ten thousands. Sawafuji Electric donated 16 small gasoline generators to the country as assistance in coping with the disaster and sent the said generators to local UN agencies, NGOs and Red Cross chapters through a trading company.

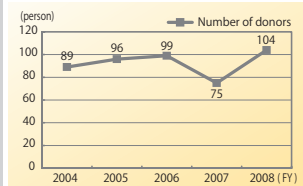


Participating in the Japanese Red Cross Society's blood donation campaign

Sawafuji Electric has taken part in blood donation campaigns conducted by the Japanese Red Cross Blood Center since 1976 through blood donation activities by its employees. A total of 5,376 employees have donated their blood over the past 33 years.

Recently, the Company was honored by the Minister of Health, Labor and Welfare for its continued and active involvement in blood donation activities.

- Blood donation results



- History of commendations related to blood donation activities

- 1977: Received a letter of appreciation from the President of the Gunma Prefecture Blood Donation Promotion Conference.
- 1987: Received a letter of appreciation from the Minister of Health, Labor and Welfare.
- 1997: Received the Japanese Red Cross Society's Gold Medal of Merit.
- 2003: Received the Gunma Prefecture Governor's Special Merit Award.
- 2008: Honored by the Minister of Health, Labor and Welfare.

Ecocap activities (Assistance with the NPO Ecocap Movement)

Since August 2008, Sawafuji Electric has participated in PET bottle cap collection activities to encourage recycling. The profits from sales of the caps are used to provide vaccines to children throughout the world. The Company delivers proceeds from the sale of PET bottle caps collected in-house to the Ecocap Movement every month. In FY 2008, we were able to deliver vaccines to 94 children.



NPO's poster

In-house cap collection box

Rendezvous point for medical helicopters

Sawafuji Electric's grounds have been designated as a rendezvous point for medical helicopters.



PR bulletin of medical helicopters and the grounds for the rendezvous point

Get-together with social welfare facilities

To further exchange with local communities, Sawafuji Electric, with its labor union, invited people of local social welfare facilities as a volunteer activity (June 2009).



Playing *tamaire* with people of a social welfare facilities sheltered workshop

Local cleanup activities

Cleanup activities around the plant

As part of our cleanup activities, Sawafuji Electric cleaned the area around the plant jointly with the association of production line managers of Hino Motors, Ltd.'s nearby Nitta Plant (September 2008).

Cleaning Hayakawa Park

As part of our local cleanup activities, Sawafuji Electric's employees cleaned the areas around the plant and Hayakawa Park (May 2008).



Cleanup activities around the plant

Opening of the grounds and the gymnasium to the public

Sawafuji Electric opens its grounds and gymnasium to locals to support their club and association activities.



Members of a badminton lovers association practicing in Sawafuji Gymnasium

Gunma Fureai Festival in Ota

Sawafuji Electric participated in the Gunma *Fureai* (get-together) Festival in Ota, where companies and labor unions jointly conducted events, such as a lottery and impersonations and implemented a fund-raising campaign to support projects for creating employment, aiding people in finding employment and helping those who are trying to become economically independent (November 2008).



Snapshot of the event

Plant tour for a neighborhood junior high school

Sawafuji Electric actively invites students of neighborhood schools to plant tours as part of their social studies classes and job hunting activities as well as part of our activities to obtain able personnel in the future.

In FY 2008, the Company conducted a plant tour for a junior high school (three classes totaling 95 students) (March 2009).



Junior high school students visiting the assembly line

Exchanges with local NPOs

Sawafuji Electric takes part in local activities through an exchange with NPO Nitta Kankyo Mirai no Kai. It assists local communities in the following activities with the goal of coexistence with the community.

- Preservation of the local environment
- Promotion of town planning



NPO Bulletin

Together with Shareholders and Investors

Raising corporate value

To realize shareholder-first operations, customer satisfaction and social contribution, Sawafuji Electric is making efforts to implement compliance, product safety, environmental preservation, thorough risk management including safety and disaster-prevention activities, improvement in the internal control system, increase in corporate ethics, recruitment of high caliber personnel, improvement of employee education, social contribution and disclosure of information in a timely and appropriate manner.

IR information

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Sawafuji Electric believes that it is crucial to disclose its business activities to the shareholders and investors in a timely and appropriate manner to further promote understanding of the Company.

As part of our investor relations (IR) activities, we issue a bi-annual Shareholders Newsletter in addition to materials released at the time of business results announcements. The newsletter, which contains topics on our environmental activities and new products, is intended to help shareholders and investors broadly understand our activities.

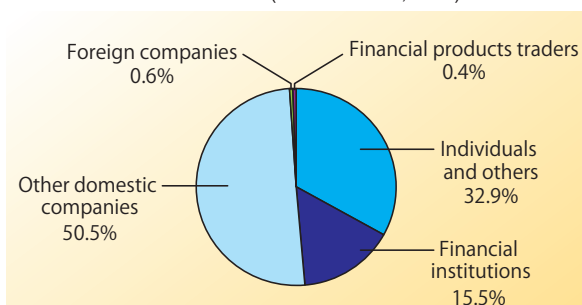
We also post our latest earnings information, previous earnings reports and financial data and IR schedule on the "Investors Information" page of the Company's website.

- Top 10 major shareholders (as of March 31, 2009)

Name of shareholder	Shareholders' stake in the Company	
	Number of shares owned (1,000 shares)	Percentage of ownership
Hino Motors, Ltd.	6,535	30.27
Denso Corporation	2,000	9.26
Honda Motor Co., Ltd.	1,300	6.02
Sumitomo Mitsui Banking Corporation	600	2.77
Japan Trustee Services Bank, Ltd. (Trust account 4G)	507	2.34
Resona Bank, Limited	500	2.31
Sawafuji Electric Employee Stock Ownership Association	433	2.00
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	400	1.85
The Chuo Mitsui Trust and Banking Company, Limited	300	1.38
Japan Trustee Services Bank, Ltd. (Trust account)	278	1.28

(Note) The percentage of ownership is calculated excluding treasury stock (24,614 shares).

- Classification of shareholders (as of March 31, 2009)



Together with Distributors and Dealers

Coexistence with distributors and dealers

Sawafuji Electric which has established systems to sell commercial parts and components, collect market information and provide services by using the networks of its distributors and dealers to fulfill its social responsibilities in every business situations.

In FY 2008, the Company held meetings at of its 10 bases nationwide, explaining our policies and strengthening communication with our distributors.

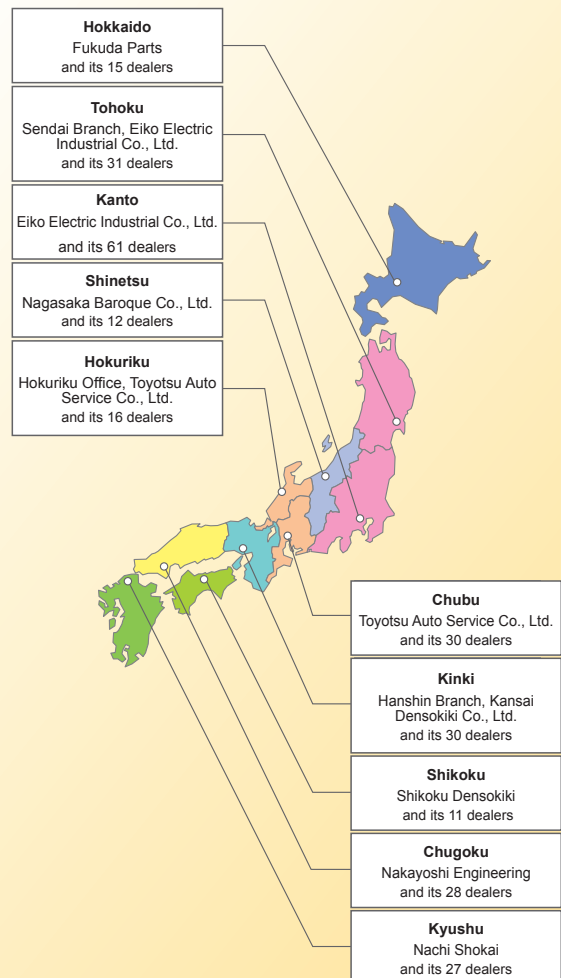
We also held technical lectures to enhance services at these distributors and dealers.



Regional meeting of distributors

- Sawafuji Service Network

WEB



Together with Suppliers

Mutual trust and prosperity

Sawafuji Electric pursues fair transactions and procures optimal parts by comprehensively judging the quality, price and delivery time. To this end, the Company respects its suppliers as equal partners, maintains trustful relationships with them with the basic philosophy of mutual trust and prosperity, seeking mutual development and growth.

Basic policy for procurement

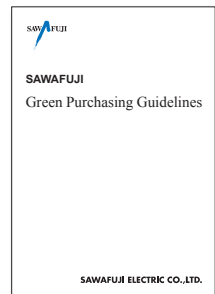
Sawafuji Electric conducts procurement activities with high priority given to communication with suppliers as its basic policy to realize fair and transparent transactions of optimum parts and to establish strong partnerships.

Basic philosophy regarding procurement:

- 1) Development based on mutual trust;
- 2) Thorough information exchange with top management;
- 3) Sharing of partnerships;
- 4) Promoting eco-friendly green procurement; and
- 5) Ensuring thorough compliance and confidentiality.

Promotion of green procurement

To promote environmentally-friendly procurement, Sawafuji Electric will further reduce substances with environmental loads through collaboration with its suppliers pursuant to the Guidelines for Green Procurement.



Guidelines for Green Procurement

SAWAFUJI ELECTRIC CO., LTD.

Communication with suppliers

Procurement policy briefings and general meetings of cooperating associations

Sawafuji Electric holds procurement policy briefings and general meetings of cooperating associations to strengthen its alliances with suppliers.

In FY 2008, 136 supplier companies attended the above briefing and general meeting, in which the Company explained its procurement policy for FY 2009 and gave letters of appreciation to the suppliers that achieved superior results in quality and cost improvement or technical development.



Procurement policy briefings

Top management's visits to suppliers

With the goal of enhancing mutual trust and shared partnerships with suppliers, Sawafuji Electric's president and officers in charge of procurement visit suppliers and exchange views with their executives. In FY 2008, they visited 18 suppliers, shared items to be improved and other issues through on-site inspections and established a system to solve such issues through mutual cooperation.

Training sessions held by cooperating associations

Sawafuji Electric held an exchange meeting with suppliers' executives aimed at sharing its procurement policy for FY 2008, the progress of the Company's medium to long term strategies and key issues in activities for the second half. At the meeting, which was attended by 87 supplier companies, participants held significant exchanges and recognized the importance of further pushing ahead with improvement measures through mutual collaboration given that the business environment is forecast to remain severe for FY 2009 as in FY 2008.

Supporting suppliers in quality improvement

Sawafuji Electric implemented cross-sectional improvement activities regarding quality control, design and suppliers, with the goal of improving and stabilizing the product quality of suppliers which are ranked C or D in terms of quality. In FY 2008, the Company provided support for seven suppliers, revising related drawings and reviewing the judgment criteria.

Joint product exhibition held with suppliers

Aiming to implement technological exchanges, Sawafuji Electric and its suppliers held an exhibition in which overseas competitors' products were displayed for comparison purposes and suppliers' proprietary and other technologies were introduced. In the exhibition, which was attended by 158 suppliers, significant exchanges took place and 146 improvement measures were proposed. The display of overseas rivals' products was very popular among participants.



Product exhibition

Together with Employees

Sun Sun Action - Aiming towards the creation of valuable work worth doing



Sun Sun Action logo mark

Since December 2006, Sawafuji Electric has implemented *Sun Sun Action* as a bottom-up activity based on the participation of all employees. Starting in the plant sector, the action has spread to the administrative sector, becoming a company-wide action. *Sun Sun Action* is intended, as the words represent, to make Sawafuji Electric shine brilliantly like the sun and hence it should be conducted by all employees. The concept of *Sun Sun Action* is as follows:

- 1) Valuable work worth doing will make individuals, workplaces and the Company shine with brilliance.
 - 2) To realize the above, we will find wasteful and excessive work and rules as well as problems in our workplaces and rectify or eliminate them.
 - 3) We will establish ways and rules to improve work to be followed by every company member to raise the value, quality and efficiency of work.
- The above items should be noted in implementing this activity. Every workplace display a notice regarding the *Sun Sun* (3 x 3) Action and the Code of Conduct.

Visualizing all employees' proposals and measures

Sawafuji Electric is promoting the *Sun Sun Action* while visualizing related proposals and measures. In the plant section, workers post points to be remedied on the bulletin board and the post will not be deleted until the issue is rectified. The administrative sector visualizes the proposals and measures through the groupware.

Results of the *Sun Sun Action*

In the plant sector, the number of improvements has reached 17,000 and defects for FY 2008 decreased by 35% from the previous FY. By August 2009, the total number of proposals totaled 2,780 in administrative sector. Sawafuji Electric created the President's Award, where the Excellence Award, the company's highest award and the special award are awarded to employees for their excellent proposals on the anniversary of the company's establishment.

Employment and personnel training

Personnel system and training by rank

Personnel system

Positioning personnel training as its core, Sawafuji Electric strives to revitalize its organization, while considering individual employees' initiative and creativity important. The Company also makes a strong effort to develop employees' abilities, hoping this will help them demonstrate their initiative and creativity in its business activities. Furthermore, it aims to build a system under which employee performance is assessed fairly and impartially.

Training and development

In order that its employees can demonstrate their ability in their positions, Sawafuji Electric formulates training plans every year by rank and function and holds training for new employees, experienced and able employees as leaders of work, new managers and supervisors. For the development of its employees, the Company also implements education, through various educational courses by correspondence, meetings for presenting research papers and lectures.

Creating a workplace which is easy to work in

Flexitime system, child-care leave system, nursing-care leave system and volunteer leave system

Sawafuji Electric has established the following support systems to help employees balance work and private life.

- A flexitime system which supports employees in working efficiently and under their own initiative;
- A Child-rearing leave system which helps employees raise children under one year of age;
- A Nursing-care leave system which allows employees to take leave so that they can look after family members in need of care; and
- A Volunteer leave system which supports employees in engaging in voluntary social service activities.

FY	Number of persons taking child-care leave
2006	1
2007	5
2008	3

Human rights, equal employment and respect for diversity

Re-employment system and promoting the employment for the disabled

Currently in Japan, employees are aging while the number of younger workers is decreasing rapidly. Against this backdrop, Sawafuji Electric has introduced a retiree re-employment system with the goal of providing a workplace where eager-to-work elderly people can demonstrate their knowledge, skills and experience to the maximum and pass on their knowledge, technologies and skills to the next generation.

The Company also provides a work environment in which disabled people can work without anxiety and employs such people in accordance with the Disabled Persons Employment Promotion Law. In FY 2008, the Company's ratio of disabled employment was 2.15 percent, exceeding the statutory employment ratio of 1.8 percent. For this FY, we will further promote the employment for the disabled.

- Reemployed persons

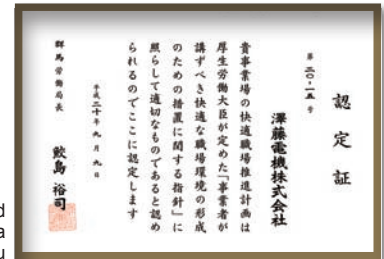
FY	Number of reemployed persons	Ratio of reemployment
2006	5	33.3%
2007	19	72.0%
2008	12	63.2%

- Ratio of disabled employment

FY	Ratio of disabled employment
2006	2.42%
2007	2.29%
2008	2.15%

Certified comfortable workplace

Sawafuji Electric strives not only to create a working environment that meets the safety and sanitation standards stipulated by laws and regulations, but also to prevent work-related accidents by improving the working environment based on its own plan. In FY 2008, the Company was certified by the Gunma Labor Bureau as an entity with a plan to create a comfortable workplace.



Certificate received from the Gunma Labor Bureau

Safety and hygiene

Safety philosophy and safety promotion system

Under the slogan "Safety must come first," Sawafuji Electric has established a safety and hygiene management system, under which it is promoting the following.

- Promulgation of safety rules and reform of safety awareness
- Implementation of prior safety measures against workplace risks and prevention of such risks, through identification and reduction of such risks
- Review and improvement of safety rules
- Promotion of creation of a happy and comfortable workplace

(Subcommittees activities)

- Disaster Prevention Measures Subcommittee
Detecting difficult-to-find risks through on-site patrols
- KYT (*Kiken Yochi Training*) Promotion Subcommittee
Providing KYT training and managing rules concerning dangerous vehicles such as forklifts
- Health Promotion Subcommittee
Finding sanitary risks through patrols
- Traffic Safety Subcommittee
Eliminating traffic accidents through overall traffic management
- Fire Prevention Subcommittee
Eliminating fires through the focused management of high-temperature facilities

Safety activities

Reduction of risks

Each year, Sawafuji Electric conducts activities to reduce the risk of disaster in the plant sector in order to prevent high risk activities. The results of our risk reduction activities for FY 2008 are as follows.

- Results of risk reduction activities

Risk	FY 2007		FY 2008	
	After improvement in risk factor control (no. of cases)	Before improvement in risk factor control (no. of cases)	After improvement in risk factor control (no. of cases)	Before improvement in risk factor control (no. of cases)
IV	0	1	0	0
III	0	374	0	0
II	0	2,622	0	0
I	3,247	748	3,745	

Safety and hygiene training

Sawafuji Electric proactively conducts training programs, including safety training for new employees in April, safety training for the administrative sector in June and forklift safety training in October. Through these training activities, the Company boosts employees' awareness of hygiene safety and sanitation.



Safety and sanitation training

Traffic safety program

Sawafuji Electric provides a traffic safety program through lecturers from the local police station for all employees once a year in order to increase employee awareness of traffic safety and prevent traffic accidents. In FY 2008, this program was conducted in October and was attended by 905 employees.



Traffic safety program

Health care

Health examinations

In order to promote the health care for its employees, Sawafuji Electric conducts health examinations in accordance with related laws and gives health guidance to those who were diagnosed with problems. The Company also supports its employees in undergoing thorough physical checkups and cancer examinations. The number of employees who underwent health examinations totaled 906 in FY 2007 and 989 in FY 2008.



Snapshot of health examination vehicles

Mental health care training session

Sawafuji Electric has introduced a mental health care system under which it promotes employee self-care, manager and supervisor line-care and care by industrial doctors, nurses and outside specialists. In FY 2008, the Company held a mental health care training session for managers and supervisors, which was attended by 123 persons, following 48 in FY 2006 and 113 in FY 2007.



Mental health care training session

Preventive measures against heat

As part of measures against heat, Sawafuji Electric offered a seminar by health care consultants regarding heatstroke preventive measures targeting all employees. Through this seminar, the Company aimed to educate its employees regarding heat and heatstroke prevention measures. The seminar was attended by 156 employees.



Seminar on heatstroke preventive measures

Environmental Reports

Environmental Policy

WEB

- (1) All the Company's sections engaged in development and manufacture of products and provision of services shall strive to appropriately reduce environmental impact in all their business activities, for example by promoting conservation of natural resources, energy and reducing waste.
- (2) The Company shall strive to continuously improve the environment and prevent any contamination.
- (3) The Company shall comply with environmental laws, regulations and other requirements and shall be responsible for administering business activities based on its voluntary management standards.
- (4) To carry out this policy, the Company shall establish the purpose and objectives of environmental protection, implement related activities in a carefully planned way, review the contents of such activities on its own, receive audits by third parties and confirm the results.
- (5) The Company shall document this policy, implement and maintain this policy under the environment management system and make this policy known to all people who work in and for its organization. In addition, the Company shall strive to provide education and implement training in order to increase employees awareness of environmental conservation.
- (6) The Company shall contribute to the environmental conservation in local communities as much as possible and strive to live together with local communities.
- (7) The Company shall disclose this policy and make it available to the public.

K. Takada

Kiyoshi Takada
President and Representative Director,
Sawafuji Electric Co., Ltd

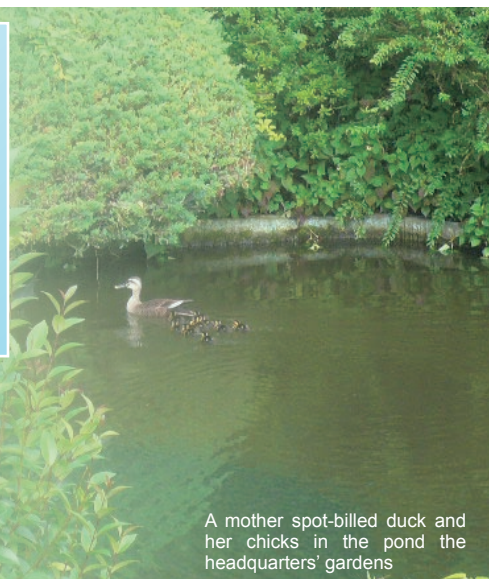
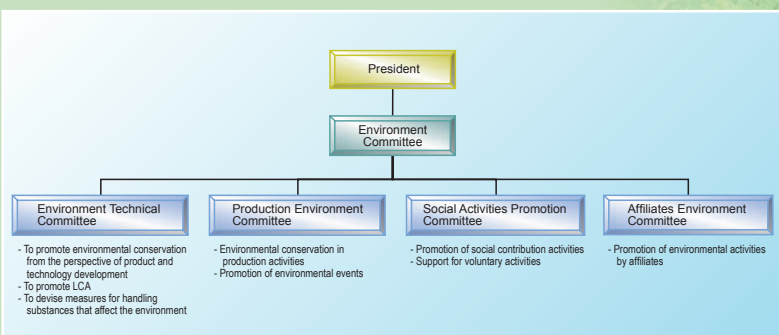
Established: May 1997
Revised: June 2005

Environmental Management

Environmental Management Promotion Structure

In order to promote environmental conservation activities, Sawafuji Electric has established a company-wide organization called the "Environment Committee" under the leadership of the President. This committee determines basic policies and promotes various environmental activities.

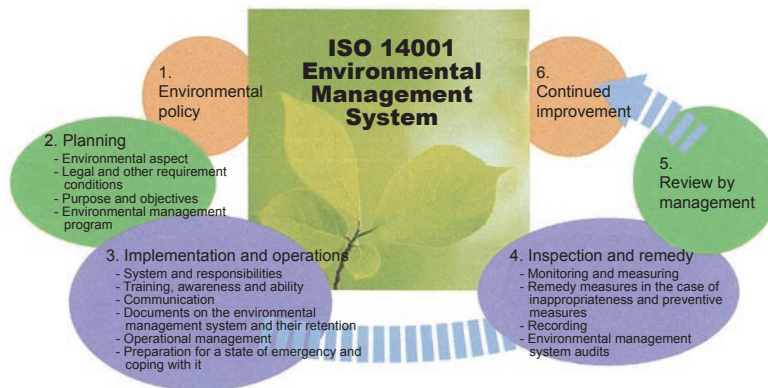
The Company has also established special committees under the Environment Committee to promote environmental conservation activities in respective fields.



A mother spot-billed duck and her chicks in the pond the headquarters' gardens

Operations of Environmental Management System

Since acquiring the ISO 14001 Environmental Management System certificate in 1997, Sawafuji Electric has continuously improved operations of the environmental management system by conducting internal environment audits and undergoing external examinations, on a regular and yearly basis.



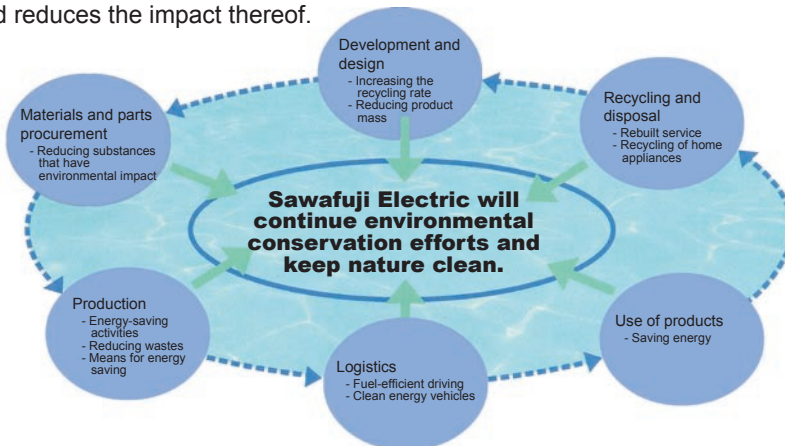
Environment audits

FY 2008 marked the 11th anniversary of obtaining the ISO 14001 certification. The Company was ISO 14001 certified again after undergoing the examination for renewal by Japan Quality Assurance Organization.

Allocated Resources and Environmental Impact of Emissions in Business Activities

Products manufactured by Sawafuji Electric and the energy the process uses affect the environment in the form of waste and CO₂.

Through its environmental protection activities, the Company identifies the processes that have an environmental impact and reduces the impact thereof.



Targets and Results

The following are targets and results for FY 2008.

Item	Policy for efforts	Targets	Target FY	Results for FY 2008
Global warming prevention	Active promotion of measures for reducing CO ₂ emissions in production activities	To reduce the ratio of CO ₂ emissions to net sales by 22 percent from FY 1990 levels	2010	21% reduced
	Miniaturization of products and saving energy in the production development phase	To reduce CO ₂ emissions in manufacturing and operating products by 25 percent from FY 1990 levels	2010	22% reduced
Control and reduce substances having environmental impact	Substituting four ELV Directive substances and six RoHS Directive substances for other substances	To totally abolish four ELV Directive substances and six RoHS Directive substances	As required By major customer destinations and requests	Continued
	Reduction in emissions of PRTR-listed substances in production activities	To reduce the ratio of PRTR-listed substances to net sales by 30 percent from FY 2001 levels	2010	1% reduced
Waste reduction and energy saving	Promotion of economizing resources in production activities	To reduce the ratio of waste dumping to net sales by 36 percent from FY 2001 levels	2010	43% reduced
Water resource economization	Promotion of reducing water usage in production activities	To reduce the ratio of water usage to net sales by 37 percent from FY 2001 levels	2010	55% reduced

Environmental Education and Training

To have the environment management system functioning effectively, Sawafuji Electric provides environmental education for all its employees and workers of other companies which operate on its premises. The Company also has every employee carry an environment card that describes the environmental policy as well as his or her own objectives, targets and actions, aiming for every employee to conduct business activities while being highly aware of environmental conservation. The Company commends offices for their improvement of energy and resources-saving measures during its monthly energy-saving campaign held each February, aiming to educate its employees. In addition, the Company provides support for training to those who want to obtain qualifications to engage in special operations. Furthermore, the Company is continuously providing training for dealing with emergencies and preventing environmental pollution.



Training during a state of emergency (oil spill)
(March 2009)

Environmental Accidents and Complaints

To support its production activities at plants, Sawafuji Electric operates a special high-voltage transformer substation, a cogeneration system for independent power generation, boilers, water supply and drainage systems, environment-related equipment such as waste storage facilities and other apparatus, as well as over 2,000 manufacturing facilities. The Company complies with related laws, regulations, prefectural ordinances and the Environmental Pollution Prevention Agreement with Ota City. It also carries out monitoring regularly, with respect to substances that are generated by operating such facilities and equipment and that affect the environment. The Company is also striving to prevent any environmental pollution accidents, by identifying environmental risks, reassessing such risks and providing training for dealing with any possible emergencies to prevent such emergencies from affecting the environment. During FY 2008, there were no environmental accidents and complaints.

Environment Accounting

The Company has computed environmental conservation costs and effects based on "Guidelines for Identifying and Disclosing Environmental Conservation Costs" issued by the Ministry of the Environment.

The Company put in management resources in costs relating to environment conservation, such as research and development, business investment, recycling activities and continuously promotes the strengthening of environmental activities.

Environmental conservation costs

(Unit: Million yen; "-" represents costs below one million yen)

Item		Costs
Business area costs	Costs for preventing environmental pollution such as air pollution, water contamination	73
	Costs for conserving the global environment through energy saving and other measures	
	Costs for recycling resources through waste recycling and appropriate disposal of waste	
Upstream and downstream costs	Costs for recycling, collecting and appropriately disposing of products	1
	Additional costs for reducing environmental impacts through green purchase and other measures	
Administration costs	Costs for operating and maintaining the environment management system	37
	Costs for monitoring environmental impact	
	Costs for disclosing environmental information and providing employees with environmental training	
R&D costs	R&D costs for environmentally conscious products	267
	R&D costs for curtailing environmental impact	
Social activity costs	Costs for supporting environmental improvement made through tree planting, beautification and other measures	1
	Costs for contribution to society through environmental activities in local communities and other measures	
Environmental remediation costs	Costs for restoring the nature	—
Total		379

Environmental conservation effects

(Unit: Million yen)

Item		Effects
Revenue	Gains from recycle-related sales	75.0
Energy saving	Improvement effects from the use of cogeneration systems and photovoltaic power generation systems and the implementation of energy-saving activities	10.5
Resources saving	Improvement effects from the implementation of resources saving and recycling activities	6.0
Total		91.5

Considering the Environment in Product Development

Reduction of product mass through miniaturization and weight reduction and reducing CO₂ emissions through efficiency improvement with power-saving products

To reduce product mass, Sawafuji Electric is continuously miniaturizing and lightening electrical equipment and generators. By reducing product mass, when products are manufactured CO₂ emissions can be achieved. The Company focuses on the electric-power saving capability of its refrigerators by improving efficiency at the time of compressor startup.

Response to regulations on environmental load substances

In response to environmental laws and regulations, requests from major customers and its Guidelines for Green Procurement, Sawafuji Electric has established a system to write environment-related items on its drawings so that environmental load substances can be managed. The Company is working on totally abolishing the targeted substances from all of its products. Furthermore, it is making efforts so that its products comply with the REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Regulation.

	Electrical equipment	Generator	Refrigerator
Regulations to be met	ELV directives Voluntary regulations of the Japan Automobile Manufacturers Association, Inc.	RoHS directives EU member country regulations	RoHS directive

ELV directive: An EU directive which aims to reduce and appropriately dispose of waste from end-of-life vehicles and which bans lead, cadmium, hexavalent chromium and mercury from products.

RoHS directive: An EU directive which limits the use of certain hazardous substances in electronic and electrical equipment, including lead, cadmium, hexavalent chromium, mercury, PBB and PBDE.

REACH Regulation: A new comprehensive EU legislation concerning the registration, evaluation, authorization and restriction of chemical substances, which went into effect on June 1, 2007.

Use of substitute chlorofluorocarbons

Sawafuji Electric is considering the use of substitute chlorofluorocarbons, which have a low global warming potential and ozone depletion potential, for its refrigerators instead of R134a, which is currently being used.

Response to REACH Regulation

Sawafuji Electric is investigating chemical substances in its components while actively collecting the information necessary for making its parts compliant with EU's REACH Regulation.

Efforts in the 3R (reduce, reuse and recycle) program

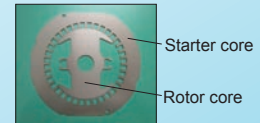
Reduce Reduce: Reducing the amount of waste

Sawafuji Electric reduces waste by changing the shape of parts and improving the processing method thereof.

Weight has been reduced by changing the shape of case
- Starter parts



Improvement of production yields by adopting a family mold for the starter core and the rotor core
- Generator parts



Reuse Reuse: Using recyclable resources as products or parts

Sawafuji Electric cuts unused corrugated cardboard into the proper size and reuses them as cushioning materials for product packaging.

Reuse of corrugated cardboard
- Cushions for products packed



A rack for corrugated cardboard to be reused

Recycle Recycle: Using recyclable resources as raw materials

To promote the use of recycled materials, Sawafuji Electric introduced material quality marking for used resin to make recycling of resin parts easier.

Use of materials recycled from inner cases
- Refrigerator parts



Use of materials recycled from bobbins
- Starter parts



Efforts to reduce exhaust gas and improve fuel efficiency

Diesel commercial vehicles are increasingly using motors to drastically reduce exhaust gas as well as hybrid systems that are effective in lowering fuel consumption.

Sawafuji Electric is actively conducting R&D on electric-powered auxiliary machinery that uses DC brushless motors as well as on hybrid construction and industry machinery. In addition, the Company is developing and designing high efficiency, high power alternators, anticipating that power consumption will increase sharply with the popularization of electric-powered auxiliary machinery.

Considering the Environment in Production

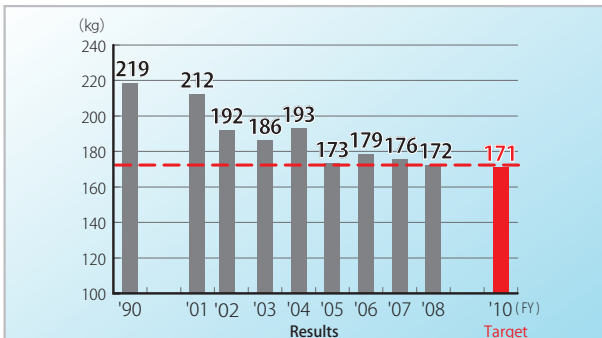
Prevention of Global Warming (reducing CO2 emission)

Sawafuji Electric is implementing global warming preventive measures with the goal of “reducing CO2 emissions by 22 percent from FY 1990 till the end of FY 2010.”

All the employees, highly aware of energy saving, are promoting a reduction in the electricity consumed by lighting fixtures and OA equipment, efficient operations of facilities and equipment and less air leakage. Staff at the plant are also promoting energy saving by recording daily power consumption data from the electric meter installed in each section within the plant, while checking the effects of each workplace’s activities to improve energy saving.

In FY 2008, the Company reduced the amount of CO2 emissions per 1-million-yen sales by 20 percent compared with FY 1990.

- CO2 emissions per 1-million-yen sales



Reduction of CO2 Emissions by a Photovoltaic Power Generation System

In February 2008, Sawafuji Electric began to operate a 100 kW photovoltaic power generation system on a full-scale basis. This system enabled the Company to reduce CO2 emissions by 41 tons during the period between April 2008 and March 2009, which is equivalent to 0.75 percent of the average annual amount of CO2 emissions.



Photovoltaic power generation monitor



Solar panels

Reducing Waste and Saving Resources

Sawafuji Electric is making efforts to reduce the amount of waste it produces with the goal of “reducing 36 percent from FY 2001 till the end of FY 2010.”

In FY 2000, the Company achieved zero landfill waste, recycling all its waste.

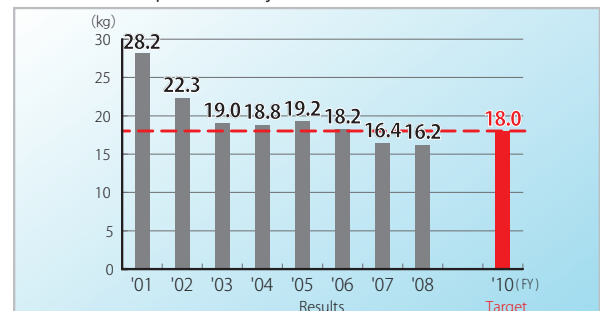
The Company established a recycling center in FY 2008.

The amount of waste per 1-million-yen sales for FY 2008 has decreased 43 percent from that of FY 2001. The Company will continue to reduce the amount of waste by further minutely subdividing such waste at the source.



Recycling center

- CO2 emissions per 1-million-yen sales



Efforts to Protect the Soil and Ground Water

Sawafuji Electric previously used 1,1,1-trichloroethane, but totally abolished its use in FY 1995 and since then it has investigated the state of pollution of soil and ground water.

According to the above investigation, we have not detected any 1,1,1-trichloroethane at the moment. However, we found that the level of 1,1-dichloroethylene, which is produced as a result of 1,1,1-trichloroethane resolving, at a place within the plant site exceeds the environmental standard value. In response, the Company has implemented purification measures, in which gas in the soil on the site is sucked out and removed using activated charcoal, since FY 1999.

The Company is continuously monitoring the effects of 1,1-dichloroethylene on the soil outside the plant site by constructing observation wells at the border of the plant site. Levels of 1,1-dichloroethylene are far below the environmental standard value.

We will continue such monitoring.

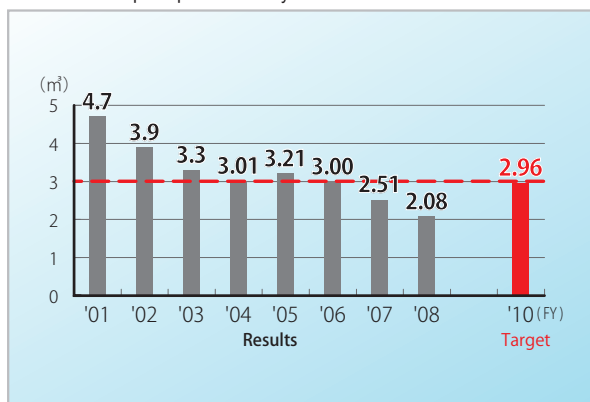
Economization of Water Resources

Sawafuji Electric is striving to “reduce the total amount of water used at plants by 37 percent from FY 2001 levels till FY 2010.”

In FY 2008, such water consumption per 1-million-yen sales dropped 55 percent compared with FY 2001.

The Company reduces its use of water by reusing water purified at a wastewater-treatment plant as cooling water for plants.

- Water consumption per 1-million-yen sales

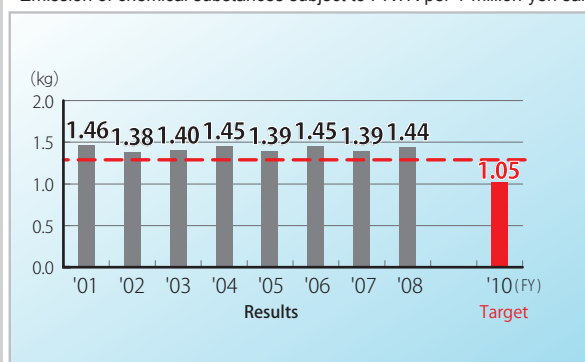


Control of Chemical Substances

Reducing emissions of chemical substances subject to PRTR

Sawafuji Electric is making efforts to “reduce the emissions of chemical substances subject to PRTR by 30 percent from FY 2001 till the end of FY 2010.” In FY 2008, emissions of such chemical substances per 1-million-yen sales dropped 1 percent compared with FY 2001. Henceforth, the Company will endeavor to reduce the emissions of such chemical substances by further reusing paint diluents.

- Emission of chemical substances subject to PRTR per 1-million-yen sales



PRTR

PRTR (Pollutant Release and Transfer Register) is a system for collecting, compiling and publishing data on various types of hazardous chemical substances regarding their sources, the quantity discharged into the environment and whether they were contained in waste transferred off-site.

Storage of PCB (polychlorinated biphenyl)

As of the end of FY 2008, we held five condensers that contain PCB as insulating oil, which we appropriately manage.

Reduction of VOC

Sawafuji Electric is reducing the amount of thinner by extracting thinner from used paint in the painting process and reusing it for other purposes.

The Company also abolished the use of styrene by switching some impregnating varnish to solvent-free type.

VOC

VOC (volatile organic compounds) is a general term for volatile organic chemical compounds.

VOCs are organic compounds that are volatile and vaporizes into the atmosphere, which contains various substances such as toluene, xylene and ethyl acetate.

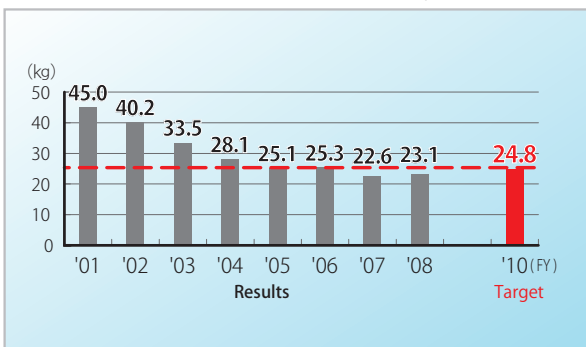
Considering the Environment in Logistics

Reduction of CO₂ Emissions during Product Transportation

Sawafuji Electric is striving to “reduce CO₂ emissions in product transport by 45 percent from FY 2001 till the end of FY 2010.”

In FY 2008, the Company reduced CO₂ emissions during product transportation per 1-million-yen sales by 49 percent as compared with FY 2001, through switching to low fuel-consumption vehicles and energy-saving driving.

- CO₂ emissions in product transport per 1-million-yen sales

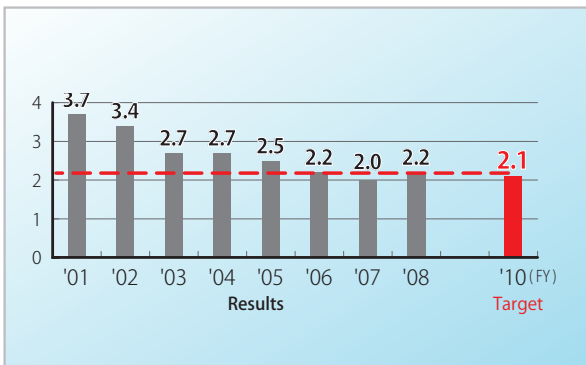


Reducing the Use of Packaging Materials

Sawafuji Electric is endeavoring to “reduce the use of packaging materials when transporting finished products and spare parts by 43 percent from FY 2001 till the end of FY 2010.”

In FY 2008, the Company reduced the use of packaging materials per 1-million-yen sales by 41 percent from that of FY 2001.

- Use of packaging materials per 1-million-yen sales



Considering the Environment in Communication

Environmental Communication

Participation in the Ota City Industry and Environment Festival

Sawafuji Electric has issued environmental reports hoping that its environmental activities will be widely understood among people.

To gain the understanding of local residents regarding its environmental activities, the Company has participated in environment festivals hosted by local governments every year. Our booth has been always popular among the local people and various organizations.



Environment festival hosted by a local government in November 2008

Clearing trees within the plant

Sawafuji Electric holds meetings with the heads of the Shimotanaka, Hanakazuka and Hayakawa areas every July and December, responds to the requests they submit and implements the environmental protection measures discussed. Through these efforts, the Company is striving for harmonious coexistence with local communities.

In FY 2008, we cut down trees within the plant and gave them to local ceramists as fuel for kilns.



Clearing trees within the plant

Environmental Data

Atmosphere

In addition to conventional boilers for heating systems, a cogeneration system started operations in January 2003.

This operation meets the Air Pollution Prevention Law, prefectural ordinances and the Environmental Pollution Prevention Agreement with Ota City.

Facility	Item	Unit	Regulation value	Measured value
Boiler (Kerosene)	NOx	ppm	180 or less	56
	SOx	K value	17.5 or less	below 0.5
	Soot and dust	g/m ³ N	0.1 or less	below 0.005
Cogeneration (Fuel oil A)	NOx	ppm	950 or less	604 or less
	SOx	K value	17.5 or less	below 0.5
	Soot and dust	g/m ³ N	0.1 or less	0.012 or less

Chemical substances subject to PRTR

To promote eco-friendly procurement activities, Sawafuji Electric will further reduce substances with environmental loads through discussions with its suppliers pursuant to the Guidelines for Green Procurement.

(Unit: ton / year)

Substance name	Amount handled	Amount discharged		Amount transferred		Recycle	Removal Amount removed	Amount of consumption
		Air	Water area	Waste	Public sewerage			
Styrene	26.2	26.2	0.0	0.0	0.0	0.0	0.0	0.0
Xylene	12.0	7.1	0.0	0.1	0.0	0.0	0.7	4.1
Toluene	15.3	8.9	0.0	1.1	0.0	0.0	0.1	5.2
Ethylbenzene	2.7	1.7	0.0	0.0	0.0	0.0	0.2	0.8
Lead compound	1.5	0.0	0.0	0.0	0.0	0.2	0.0	1.2

- Amount handled: 1 ton/year or more (500 kg/year or more for Class 1 Specified Chemical Substance).

- Amount removed: Amount removed through incineration treatment, decomposition treatment, etc.

- Amount of consumption: Amount of substances that have changed to other substances through reactions, or amount of substances that are contained in products transferred off-site or transferred off-site together with products.

Water Quality

Water used within the plant is treated at wastewater-treatment plants and purified water is discharged into the Hayakawa River. This discharge meets the Air Pollution Prevention Law, prefectural ordinances and the Environmental Pollution Prevention Agreement with Ota City.

Item	Unit	Regulation value	Maximum value	Minimum value
pH	—	6.5~8.0	7.3	6.9
BOD	mg/l	10 or less	6	below 1
COD	mg/l	10 or less	5.7	1.4
SS	mg/l	15 or less	2	below 1
N.H oil	mg/l	3 or less	below 1	
Phenol	mg/l	0.2 or less	below 0.025	
Copper content	mg/l	1 or less	0.02	below 0.02
Zinc content	mg/l	1 or less	0.71	0.13
Soluble iron content	mg/l	4 or less	0.04	below 0.02
Soluble manganese content	mg/l	5 or less	0.04	below 0.01
Chrome content	mg/l	0.2 or less	below 0.02	
Fluorine compound	mg/l	1.5 or less	0.56	below 0.2
Total phosphorus	mg/l	8 or less	1.9	
Total nitrogen	mg/l	60 or less	4.7	
Lead content	mg/l	1 or less	below 0.04	

History of Environmental Efforts and Activities

- 1975 : Completes construction of a new plant.
Establishes industrial wastewater treatment facility (coagulating sedimentation method).
Establishes domestic wastewater treatment facility (activated sludge combined process method).
Establishes rainwater (oil) separating tank.
- 1976 : Moves to Nitta Plant, which starts operations.
Concludes Environmental Pollution Prevention Agreement with Nitta-cho (Note).
Establishes smokeless incinerator.
- 1984 : Sets up Energy-Saving Committee.
Launches company-wide energy-saving activities.
- 1993 : Begins activities of Production Environment Committee of Hino Motors Ltd. affiliate.
Totally abolishes specified chlorofluorocarbon for refrigerator insulating materials (CFC11 → HCFC-141b).
- 1994 : Sets up Environment Committee.
Totally abolishes specified chlorofluorocarbon for refrigerator coolants (CFC12 → HFC-134a).
Totally abolishes ethane for parts cleaning (Trichloroethane → Alkali cleaning).
- 1995 : Totally abolishes specified chlorofluorocarbon for parts cleaning (CFC113 → Alkali cleaning).
Starts removal of the plant ceiling's asbestos insulating materials (continues until 1998).
Formulates Environmental Conservation Action Plan.
Reorganizes Environment Committee.
- 1996 : Launches ISO 14001 Certification Acquisition Promotion Committee and starts preparation for its acquisition.
- 1997 : Acquires ISO 14001 certification.
- 1998 : Starts energy and resources saving efforts.
Begins efforts to reduce mass of products developed.
- 1999 : Starts waste zero emission efforts.
- 2000 : Begins efforts to reduce unit requirement of CO₂ emissions.
- 2001 : Achieves non-landfill waste.
- 2002 : Abolishes incinerators.
- 2003 : Starts operations of the cogeneration system.
Launches recycling of cups and containers for beverage vending machines.
Totally abolishes specified chlorofluorocarbon for refrigerator insulating materials (HCFC-141b → HFC-245fa and HFC-365mfc).
- 2004 : Introduces high efficiency air compressors.
- 2005 : Installs air-supply valves for each plant area.
- 2006 : Begins a study for introducing a photovoltaic generation system.
- 2007 : Starts operations of the photovoltaic generation system.
- 2008 : Replaces office buildings' lighting fixtures with energy-saving type.
Switch to LPG fuel for forklifts started.

(Note) Nitta-cho merges with Ota City in March 2005.

Issuance

Sawafuji Electric has issued an environmental report which compiles the results of activities for preserving the environment since FY 2003 under one of its management philosophies, “keeping nature clean.”

In FY 2008, the Company issued the Environmental and Social Report 2008, which takes into account its environmental activities and corporate social responsibility. For the current FY, however, the report is issued as a CSR report focusing more on describing the Company’s relationships with society, management and employees. The purpose of this report is to have better communication with our various stakeholders, such as customers, local communities, shareholders, investors, distributors, dealers, suppliers and employees and to further improve our contents of approaches.

The CSR report covers economic, social and environmental aspects. In this report, however, economic aspects are partially described as earnings reports, since the overall contents of such aspects are stated in our Yukashoken Hokokusho (financial documents).

Detailed earnings reports are posted on Sawafuji Electric’s website.



Please refer to Sawafuji Electric’s website for details on those items with the “Web” mark.
(<http://www.sawafuji.co.jp/>)

Description and period covered

This report covers Sawafuji Electric’s social and environmental protection activities, the results of such activities for FY 2008 and related efforts made before the issue of this report.

This report details environmental protection activities and efforts made in the Company headquarters and the Nitta Plant.

Guidelines referred to

Environmental Report Guidelines (FY 2007 edition) issued by the Ministry of the Environment and *Sustainability Reporting Guidelines* of GRI

Issue month and next issue month

Issue month: October 2009
Next issue month: September 2010

Back issues

FY 2008: Environmental and Social Report
FY 2007: Environmental Report
FY 2006: Environmental Report
FY 2004: Environmental Report
FY 2003: Environmental Report

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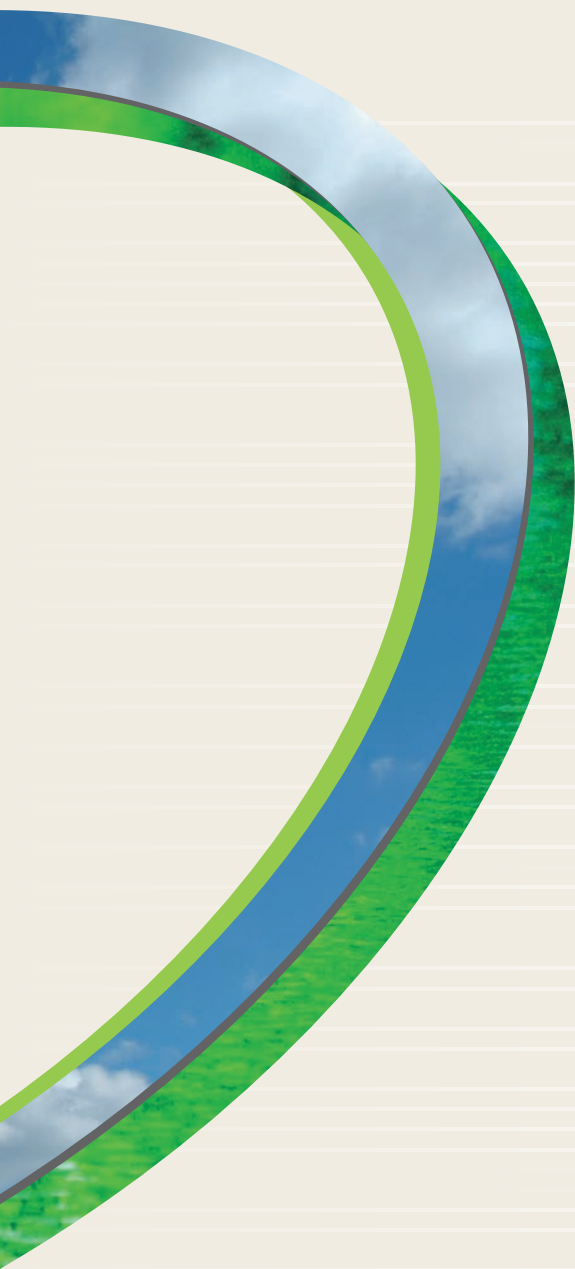
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Cover image

The cover image represents all employees’ desires to fulfill three corporate responsibilities hand in hand to create a better tomorrow - corporate management responsibilities, contribution to society and consideration of the environment.

Sawafuji Electric Garden



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