



CSR Report Digest Edition 2010

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



SAWAFUJI ELECTRIC CO.,LTD.

CSR of Sawafuji Electric

Greetings from the President

Since its establishment in 1934, Sawafuji Electric Co., Ltd. has steadily developed its electrical equipment, generator and refrigerator businesses, and provided products and services for customers in more than 100 countries overseas, as well as Japan.

We will continue to operate the above businesses and strive to grow as a global corporation, through CSR activities in line with our management philosophy.

To cope with the severe business environment amid the worldwide economic downturn, the entire Sawafuji Electric Group will implement activities to achieve a V-shaped recovery in earnings under its basic

principle of “Sun Sun Action.”

We regard the global rise in popularity of hybrid and electric vehicles as a chance to use our motor technologies and make great strides. We will help to achieve a sustainable society through our efforts to reduce environmental burdens of our related products and production activities.

We would appreciate your frank opinions on this report about Sawafuji Electric's efforts for CSR.

Basic Philosophy

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 October 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

CSR Efforts

Under its basic philosophy, Sawafuji Electric will endeavor to continuously raise corporate value by fulfilling corporate social responsibility in cooperation with many stakeholders.



Earnings results for FY 2009

In FY 2009, amid the worldwide economic slowdown, the Sawafuji Electric Group decreased production due to a sharp decline in demand as well as unfavorable factors weighing on profitability, including changes in demand structure, intensified competition and rises in materials prices.

Consolidated earnings results for FY 2009 (114th term) were as

follows:

- Net sales: 22,750 million yen
- Ordinary income: -908 million yen

To turn this situation around, the entire Sawafuji Electric Group is implementing various emergency measures for improving profitability and making varied reform efforts toward a V-shaped earnings recovery.

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 be highly evaluated by customers around the world, the Development Division tackles development issues every day, striving to establish its position as the industry's No. 1 in the fields of electrical

equipment for trucks and buses, engine generators and vehicle-mounted refrigerators, and contributes to the development of these fields.

Monozukuri for customers

Sawafuji Electric is working hard every day to manufacture products requested by customers “Only make what is needed, when needed, in the quantity needed.”

Together with Local Communities

Sawafuji Electric conducts social activities in line with its “Basic policy on activities for contributing to society.”

Basic policy on activities for contributing to society

- 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

Major efforts made during FY 2009 are as follows:

- Donation of generators and refrigerators to the Indonesia Red Cross Society in relation to the disaster caused by the massive earthquake off Sumatra

- Provision of vaccines, which were bought using profits from sales of collected plastic bottle caps, to 123 children throughout the world (FY 2009) (in cooperation with an NPO)
- Participation in Gunma Chibikko Daigaku (children's college) (Exhibition of refrigerators, and experiments using supercooled water in a hands-on children's classroom: photo)
- Get-together meetings with sheltered workshops (factory tours, recreation activities, etc.)



Together with Shareholders and Investors

To ensure fairness and transparency, Sawafuji Electric discloses appropriate information in a timely manner to shareholders and other stakeholders.

IR information

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 biannual 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.

Together 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 situation.

In FY 2009, the Company held meetings at 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.



Chubu-region working-level meeting of agents Workshop for the assembly and disassembly of starters



Working-level meeting of agents at Sawafuji Electric Workshop for the assembly and disassembly of refrigerators

Together with Suppliers

We at Sawafuji Electric pursue fairness in the transaction process and procure optimal articles. To this end, we establish trusting relationships with our suppliers under the basic philosophy of “mutual trust and prosperity,” and aim for mutual development and growth.

We are actively communicating with our suppliers by holding procurement policy briefings, general meetings of cooperating associations of Sawafuji Electric, and joint training sessions on a regular basis, and information exchange meetings on a monthly basis.

We also actively cooperate with our suppliers in areas such as quality improvement and cost reduction.



Showing cost reduction activities using panels

Together with Employees



Sun Sun Action logo mark

Sawafuji Sun Sun (3×3) Action

For three parties (individuals, workplace, the Company)

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

Implement three activities

Sawafuji Electric is promoting the “Sun Sun Action” as a bottom-up activity with the participation of all employees, aiming for a company that shines like the sun.

Related proposals and measures of all employees are visualized using the bulletin board and groupware. In FY 2009, our plants submitted 13,559 proposals, while our Administrative Division made 3,040.

We have established the President's Award for employees who come up with excellent proposals, and it is given on the anniversary of our foundation.

Sawafuji Electric respects every employee's independency and

creativity, and ensures the safety of the workplace and health of employees. For this, we have established the following systems and implemented various relevant measures.

- Respect for human rights
We have enacted the Corporate Ethics Principles aiming to ensure the human rights of employees and an ergonomically sound workplace.
- Diversity of employment
As part of measures to support employees in their diverse working styles, we have established systems for employing disabled people and offering child-care leave.
- Safety and sanitation management and health care
We conduct related education and seminars and physical examinations under the leadership of responsible committees.

Environmental efforts

In FY 1997, Sawafuji Electric obtained the ISO 14001 Environmental Management System certificate. Since then, it has done its utmost to achieve environmental activity goals, which are set every FY, in line with the Environmental Policy.

Major efforts include reducing CO₂ in production activities, providing miniaturized and lightweight products that are energy efficient, managing and reducing substances that damage the environment, decreasing waste, saving resources and saving water.

We release a summary of the above in the CSR Report as the Environmental Report.

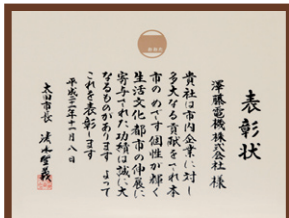


Marunuma, Gumma Prefecture

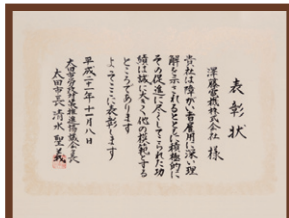
We contribute to local industries and communities, and provide products that satisfy the world.

Contribution to local industries and communities

Sawafuji Electric was honored by Ota City, Gunma Prefecture, where it is based, as a company contributing to industrial development and as a company with an excellent track record in employing the disabled. The Company also received from Isezaki City, located near Ota City, an award for its contribution to industrial development.



Ota City's certificate recognizing Sawafuji Electric as a company contributing to industrial development



Ota City's certificate recognizing Sawafuji Electric as a company with an excellent track record in employing the disabled



Isezaki City's certificate recognizing Sawafuji Electric as a company contributing to industrial development, and a memento (a fabric designated as traditional craft)



Every year we at Sawafuji Electric invite people from sheltered workshops and hold get-together meetings. In FY 2009, we invited people from five such workshops, and deepened exchange with them through factory tours and recreational activities.



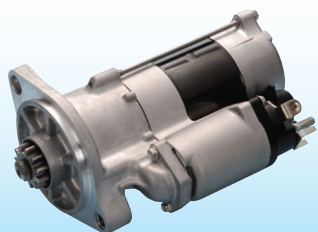
People from a sheltered workshop enjoying Tamairé.

Provision of products that satisfy the world

Sawafuji Electric's products are helpful to people around the world.

SAWAFUJI

Electrical equipment



Starter



Alternator

CLEMAX

Generator



Generator being used for cleaning work



Generator being used at the plant site

ENGEL

Refrigerator



Refrigerator mounted on a pleasure boat
Picture courtesy of adventurer Konosuke Hamada



Refrigerator for leisure

Cover picture (Dakar Rally 2010) courtesy of Hino Motors, Ltd.

WEBSITE

<http://www.sawafuji.co.jp/english/kaisya/report.html>

All contents of the Social Report, Environmental Report, and other materials are posted on Sawafuji Electric's website. We recommend reading them together with this digest edition.

SAWAFUJI CSR REPORT

Search

SAWAFUJI ELECTRIC CO.,LTD.

3 Nittahayakawa-cho, Ota-shi, Gunma 370-0344, Japan