

CSR Report 2011

Digest Edition

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



CSR of Sawafuji Electric

Greetings from the President

We offer our sincerest condolences to the people who suffered in the Tohoku Earthquake, as well as their families.

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 strive to earn society's trust by making diligent efforts to fulfill our corporate social responsibility based on our business philosophy.

Sawafuji Electric Group confronted a harsh business climate due to the global economic downturn. Overcoming that challenge required us to work together to promote and implement our restructuring plan.

Sawafuji Electric Co., Ltd.
President Hideki Ueda

As a result, we achieved a V-shaped recovery in earnings.

Sawafuji Electric is utilizing its strengths to develop new markets, products, and technology to solidify its base and achieve growth during this major transformation occurring as a result of the economic and technological reforms and reorganization.

We are also working to achieve a sustainable society through efforts to reduce the environmental burden in our 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.



Special Section

This special section examines the efforts Sawafuji Electric is making to fulfill its social responsibility. We hope this enhances your understanding of and trust in these activities.

Response to the Tohoku Earthquake

We established an emergency relief office immediately after the disaster to determine the damage caused by the earthquake and tsunami, and to support the recovery and rebuilding efforts of our distributors, specified agents, and suppliers.

We are also selling generators to the domestic market to help alleviate power shortages.

Factory tours

We conduct tours of our factory every year for the people at a nearby sheltered workshops and local schools to strengthen communication with the community. We also began factory tours for employee family members in 2010.

Earnings Results for FY 2010

The economic climate for the Sawafuji Electric group in FY 2010 was characterized by a flattening of the domestic recovery due to the recovery of the economies in the newly emerging nations and the stall of the economies in the industrialized nations.

With this economic climate as the basis, overcoming that challenge required us to work together to promote and implement our restructuring plan. As a result, we achieved a V-shaped recovery in earnings.

Consolidated earnings results for FY 2010 (115th term) were as follows:

- Net sales: 27,479 million yen
- Ordinary income: -906 million yen

Together with Customers

Sawafuji Electric strives to provide products 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 contribute to the development of these fields.

Monozukuri for customers

Sawafuji Electric strives every day to achieve craftsmanship capable of moving our customers emotionally.

Together with Local Communities

Sawafuji Electric contributes to the community and international society by conducting itself as an engaged member of the community with due consideration for environmental concerns.

Major efforts made during FY 2010 are as follows:

- Offering vaccines to the children of the world
- Working with the Japanese Red Cross Society in their blood donation drives
- Participating in the National Tree-Care Festival
- Participating in local events



The National Tree-Care Festival

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 2010, 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.



Factory tours during technical lectures

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.



Procurement policy briefings

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 2010, our plants submitted 17,700 proposals, while our Administrative Division made 3,300.

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 values the self-reliance and creativity of each of its employees. We have established the following systems and measures related to human rights, employment, and health and safety to ensure that we provide a rich workplace environment that respects our employees' character and personality.

- 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 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 have compiled the results of our environmental work in a report that is presented as part of our CSR report.

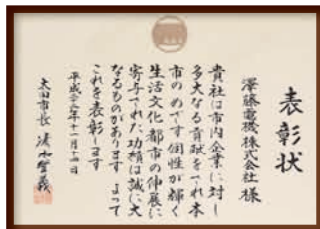


Solar power panels are installed on the roof of our factory

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.



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



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

Every year, we work to strengthen our ties with the local community. Our efforts include get-togethers with the people from sheltered workshops, cleaning the area near our factory, and participating in local events.



Plant tour for neighborhood schools



Gunma Interactive Festival



Cleanup activities around the park



Water quality surveys conducted by local non-profit organizations

Provision of products that satisfy the world

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

SAWAFUJI

Automotive electrical equipment



Starter



Alternator

ELEMAX

Generator



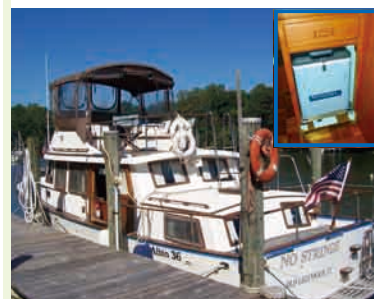
Generator being used for cleaning work



Generator used as a backup power source for a boutique

ENGEL
A LEGEND IN RELIABILITY

Refrigerator



Refrigerator mounted on a pleasure boat



Refrigerator for leisure

WEBSITE

http://www.sawafuji.co.jp/kankyo/kankyo_index.php

All contents of the Social Report, Environmental Report, and other materials are posted on Sawafuji Electric's website (JAPANESE).

SAWAFUJI CSR

Search

SAWAFUJI ELECTRIC CO.,LTD.

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

Inquiries:

Internal Control Department
Environment Safety Department

TEL. +81-276-56-7338 FAX. +81-276-56-6413
TEL. +81-276-56-7334 FAX. +81-276-56-7394