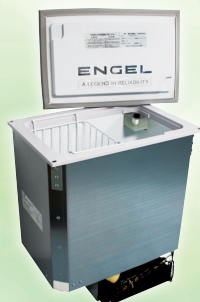


Aiming to live together in harmony with the people, society and the Earth



CSR

Report 2017

— Digest Edition —



SAWAFUJI ELECTRIC CO.,LTD.

President's Message

Since our beginning in 1934, SAWAFUJI ELECTRIC CO., LTD. has been devoted to our craftsmanship and in meeting the expectations of our world-wide customers in providing good products and service. True to our corporate philosophy, we foster communication among our stakeholders across the globe as we work to remain the kind of company that the public can trust.

Despite signs of economic recovery both in Japan and abroad, there is a dark shadow on the economic horizon from Brexit and the economic policies of the new U.S. administration. Against this backdrop, we are making group-wide efforts to bolster our financial standing and competitive edge in order to lay a strong foundation upon which we will be able to build for generations to come.

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

Sawafuji Electric Co., Ltd. President Akihiko Yoshikawa

Basic Philosophy

Company Policy

(established in July 1960)

1. Let's proceed with research, practice skills and make rapid progress brightly.
2. Let's keep responsibility toward and faith with customers and contribute to the society.
3. Let's establish bright workplace based on labor-management cooperation and mutual trust.

Management Creed

(established in October 1990 revised in April 2001)

SAWAFUJI ELECTRIC CO., LTD. produces good products, performs social responsibility as a corporation and provides prosperity to all people concerned.

- * Make an impression on customers.
- * Bring purity to nature.
- * Bring prosperity to people engaged in the company work.

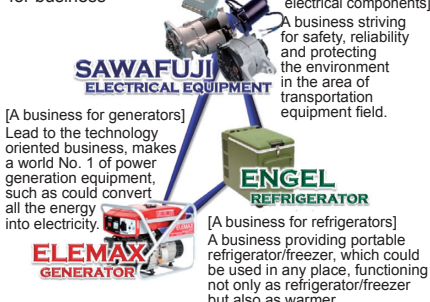
SAWAFUJI VISION

Our Policy of Long Term Operation

In order to achieve a figure which aim of the three businesses, Sawafuji multilaterally captures the customer's needs and trends, then challenge to complete the achieving. Because of this, we are driven to strengthen our business activity by "providing customer value," "having innovative changes" and by "combining your and our individual and diverse strengths."

Be shine by self, be attractive Sawafuji for all of stakeholders

Our inspired image for business



Providing customer value
Working closely with our customers, we consider the needs of society and work to develop new values through the eyes of our customers.

Innovative changes
By adding innovative changes on our management system, we enforce our business competitiveness.

Combining individual and diverse strengths
Supporting individual growth, we are working hard to have a well-organized operation that is both slimmed down and has good "footwork."

CSR Efforts

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

We believe our relationship with our suppliers is important, and therefore ask for their understanding and cooperation in fulfilling their own corporate social responsibilities.



Dialogue with stakeholders

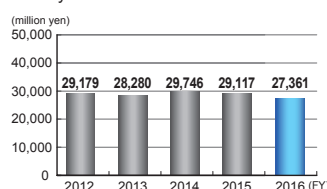
Sawafuji conducts lectures at autumn seminar with affiliates, periodical information exchange meetings with the local residents, friendship meetings with people in nearby welfare facilities and promotes other CSR management efforts with the focus on talks with the stakeholders.

Earnings Results for FY 2016

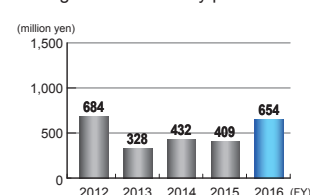
Sawafuji Group strived to improve earnings in all our operations, improve business efficiency and productivity, and reduce costs. Consolidated earnings results for FY 2016 (121th term) were as follows.

- Net sales: 27,361 million yen
- Ordinary income: 654 million yen

History of sales turnover



Changes in the ordinary profit



Relations with Customers

Sawafuji strives to provide products and services that meet customers' needs, with the highest priority given to customer expectations and trust.

Development of products

To be highly evaluated by customers around the world, the Development Division tackles development issues, striving to establish its position as No. 1 of the industry in the fields of electric equipment for trucks and buses, engine generators and vehicle-mounted refrigerators, and contribute to the development of these fields.

Monozukuri

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

Quality control system and Service network

Sawafuji continues to improve ourselves by creating a quality control system that conforms to the ISO 9001 management system. We have also created a service network enabling a prompt response to difficulties.

Relations with Global and Local Communities

Sawafuji 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 2016 are as follows. More information can be found on the last page of this report.

- Working with the Japanese Red Cross Society in their blood donation drives
- Get-togethers with people in welfare facilities.
- Volunteer for cleanup activities and traffic safety near our factory
- Offering vaccines to the children of the world
- Participating in local events

Relations with Shareholders and Investors

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

IR information

Sawafuji believes that it is important manner for the shareholders and investors to better understand Sawafuji. As a 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.

Relations with Distributors and Dealers

Sawafuji 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 2016, 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.

Relations with Suppliers

Sawafuji 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, 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.

Relations with Employees

Sawafuji values the self-reliance and creativity of each of its employees.

We have established the following systems and measures to ensure the safety of the workplace, health of employees and to provide a rich workspace environment.

Employment

We are committed to personnel training based on our policy of employment stability.

Human rights

We maintain a corporate environment conducive to eliciting the desire to work through our response for human rights and a fair personnel system.

Diversity of employment efforts

To support employees' diverse working style, we have developed, re-employing retired people, employing disabled people, offering child-care leave and volunteer leave system.

Safety and sanitation management and health care

Our aim is to raise awareness of "Safety First" and of providing a safe work environment where work can be done with ease of mind.

We value each of our employees and make every effort to ensure that they stay healthy.

Environmental Report

In 1997, Sawafuji 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, managing and reducing substances that damage the environment, and we also are providing miniaturized and lightweight products that are energy efficient, have low emission and that conserve on resources and water.

We have compiled the results of our environmental work in an environmental report, which is included in the CSR Report published on our corporate website.

Environmental Policy

Sawafuji Electric is committed to playing a vital role in building a society designed to pass on a healthy environment to future generations, so we work to provide products and services that meet customer expectations through safe manufacturing practices and to develop next-generation technologies for a new society driven by environmentally sound energy.

1. We develop and design technologies that will not only enhance performance but also reduce the environmental burden.
2. We are committed to protecting the environment by assessing the impact of our production activities, products, and services on the surrounding environment, resources, climate change, and the ecosystem as we work with an eye to preventing pollution and making continuous improvements.
3. We comply with environment-related laws and regulations as well as prescribed requirements while ensuring that each employee fulfills his or her social responsibility.
4. We actively foster communication among local communities as a good corporate citizen.

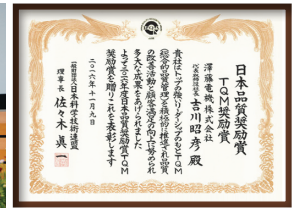
* Please refer to the web version that we have introduced on the last page.

Special Feature: Sawafuji Electric Wins Japan Quality Recognition Award in Recognition of TQM Achievement

Sawafuji Electric works to produce quality products that satisfy our customers' needs and makes company-wide efforts to maintain and improve quality. All these efforts have paid off, and we have received the Recognition of TQM Achievement part of the 2016 Japan Quality Recognition Award. You can read more about our initiatives to improve the quality of management and products along with other improvement activities involving all employees in the Special Feature section (pages 6 and 7) of the CSR Report published on our corporate website.



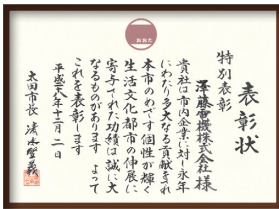
Awards ceremony



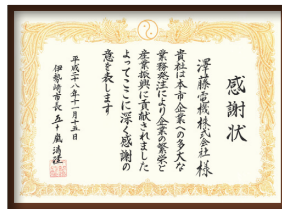
Award certificate

Contribution to local industries and communities

We were awarded the Industrial Development Contributing Company Award by the neighboring cities of Ota and Isesaki, Gunma Prefecture.



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

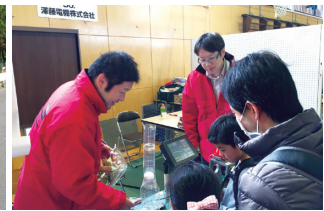


Isesaki City's certificate recognizing Sawafuji as a company contributing to industrial development

Sawafuji works hard to deepen ties with the local community. Our efforts include get-togethers with people in welfare facilities, cleaning the area near our factory, volunteer activity and the participation in local events.



Cleanup activity near our factory



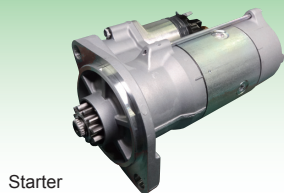
Participated in Ota local teachers' fair

Provision of products that satisfy the world

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

SAWAFUJI

Automotive electrical equipment



Starter



Alternator



Computer for onboard use

ELEMAX

Generator



ELEMAX generators actively being used in Vietnam



ELEMAX generator SH3900

ENGEL
A LEGEND IN RELIABILITY

Refrigerator



ENGEL refrigerators actively being used for emergency-related illnesses for things such as heatstroke



ENGEL refrigerator MD14F

WEBSITE

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

On our company's web site above, we have introduced in detail the contents of our Social Compliance Report and our Environmental Report. Thank you for reading them over along with this digest version.

SAWAFUJI CSR

Search

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