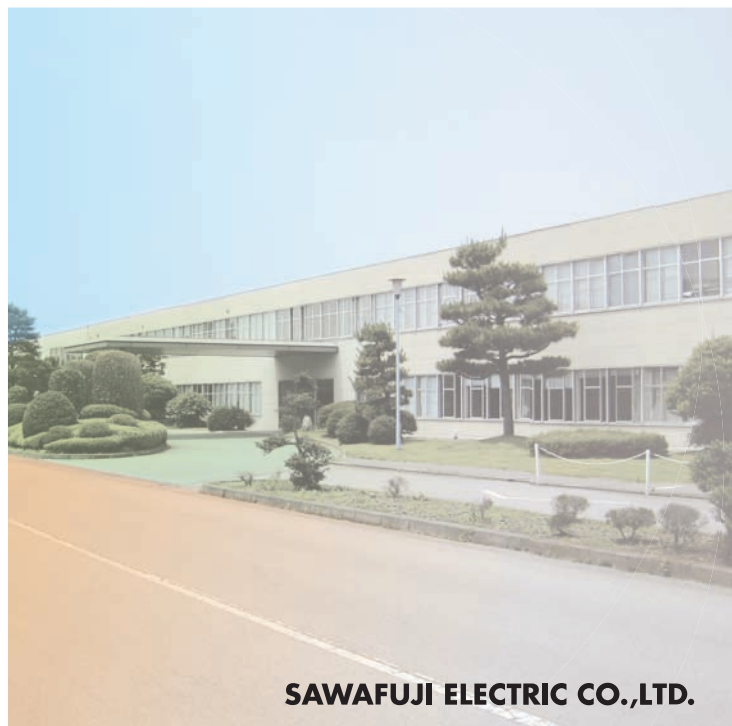
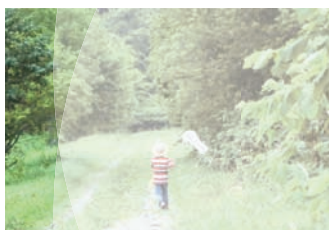




Environmental and Social Report

2008



SAWAFUJI ELECTRIC CO.,LTD.

Environmental and Social Report 2008

Introduction

This report is being issued as an environmental and social report, focusing on describing the Company's compliance, relationships with employees, and social activities such as involvement with society, while taking into account its environmental activities and corporate social responsibility.

The purpose of this report is to have better communication with our customers, shareholders, business partners, local communities, employees and other parties, as well as to further improve ourselves.

Scope of Description and Period Covered

This report covers Sawafuji Electric Co., Ltd.'s environmental and social activities, the results of such activities for fiscal 2007 and related efforts made until immediately before the issue of this report.

Guidelines referred to

"Environmental Report Guideline (FY2003 edition)" issued by the Ministry of the Environment





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Sawafuji Electric Garden
Bower overlooked from the
second floor of the head office
building

Message from
the Top Management



August 2008
President and Representative Director,
In full charge of environmental protection
Sawafuji Electric Co., Ltd.
Kiyoshi Takada

K. Takada

Aiming to contribute to a sustainable society and improve the global environment

Sawafuji Electric Co., Ltd. is a company with a long history.

This year marks the 100th anniversary since the foundation of the Company in 1908, and the 74th anniversary since its renaming to the present name in 1934.

In 1960, the Company established its principles, "Let's contribute to society by fulfilling our duty to our customers and keeping our faith with them," stressing the importance of CSR.

Under such foresighted philosophy, the Company has implemented management while giving the highest priority to compliance with laws, regulations and social standards, coexistence with customers, suppliers and local communities, and consideration of the global environment. Of the main products that Sawafuji Electric develops, manufactures and sells, we are grateful that electrical equipment for large vehicles, portable generators, and onboard refrigerators are used by customers in more than 100 countries.

Overseas, the Company has production and sales subsidiaries in Australia and the U.K., and sales and service bases around the world.

Under such a global management environment, the Company aims to be an Earth-friendly company that is trusted by society and customers in the next era. In line with this, the Company clarified "what it wants to become in five years," and to realize that, we set targets and formulated an action plan under "Sawafuji Vision 2012."

To achieve the said targets and reform each employee's consciousness, the Company launched activities, under the name of "Sun Sun (3 X 3) Action," under which the Company hopes all employees will engage in valuable and satisfying work; and individuals, workplaces and the Company will continue to shine with great brilliance.

Today, the management stance that Sawafuji Electric should take toward global development, production and sales activities is a forward-looking response to issues concerning the global environment, the largest concern shared throughout the world.

In order to reduce CO₂ emissions, Sawafuji Electric has been tackling the challenge of using natural energy and clean energy, and introduced cogeneration and photovoltaic power generation systems.

Sawafuji Electric will continue to pursue its management philosophy "keeping nature clean."

To this end, the Company will promote technical development and production activities that are friendly to the global environment, and all employees will do their utmost to conduct such activities with lofty aspirations and enthusiasm. By making these efforts, we expect the Company will become an entity that can respond to the needs of communities and customers around the world, contribute to them and be loved by them.

We sincerely ask for your continuous understanding and encouragement.



Company's Business Principles, Management Philosophy and Slogan

Business Principles

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 cooperation and mutual trust between employee and management.

Management Philosophy

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

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

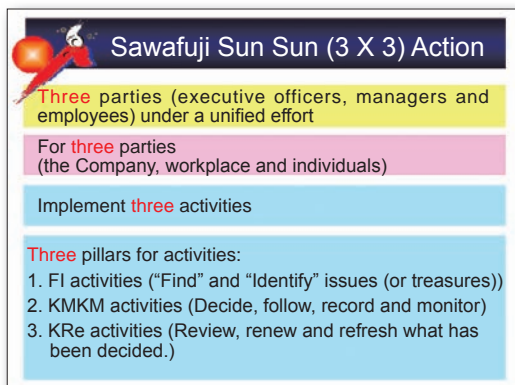
(revised in April 2001)

Slogan (fiscal 2008)

To realize Sawafuji Vision 2012, make a unified effort toward revolution with courage!
"No growth in Sawafuji Electric without revolution"

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

Sun Sun (3 X 3) Action



Sawafuji Sun Sun (3 X 3) Action

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

For **three** parties
(the Company, workplace and individuals)

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 what has been decided.)

Code of Conduct (ADSL)

Code of Conduct (ADSL)

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

Corporate Profile and Main Products

Corporate Profile

Company name:

Sawafuji Electric Co., Ltd.

Products:

The Company develops, manufactures and sells mainly the following products.

Electrical equipment:

Electrical equipment for diesel engine trucks and buses (starters, alternators and retarders),
electrical equipment for general and marine use engine, and small DC motors for hydraulic machines

Generators:

Portable engine generators and generators for them

Refrigerators:

Electric refrigerators for various vehicles and marine use

Offices:Headquarter and Nitta Plant:

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

Tel : +81-276-56-7111 (main)

Fax: +81-276-56-6413

Tokyo Office:

2-51-13 Ikebukuro, Toshima-ku, Tokyo 171-0014, Japan

Tel : +81-3-5391-1221 (main)

Fax: +81-3-5391-1228

Established:

June 10, 1934

Representative:

Kiyoshi Takada

President and Representative Director

Main Products

Electrical equipment for diesel engine trucks and buses

Starters



Alternators

DC motors

DC motors for outboard engines

Portable engine generators

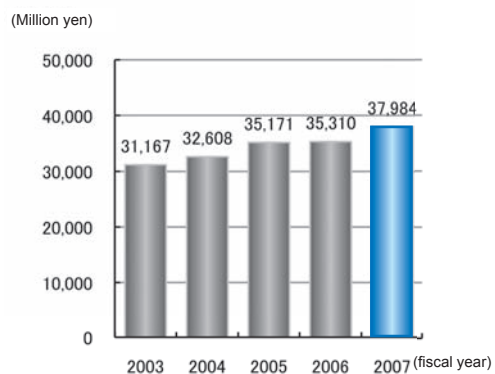
Generators for outdoor-use
electric equipment

Refrigerators

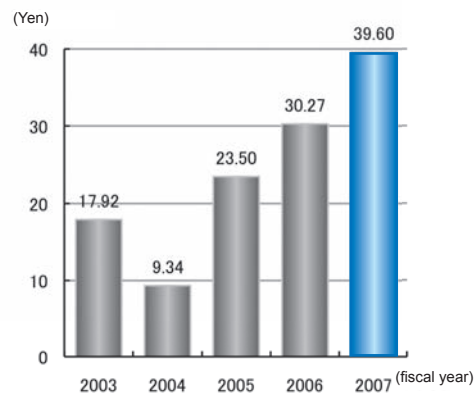
Refrigerators for outdoor use that can be used in vehicles

Highlights of Consolidated Financial Results

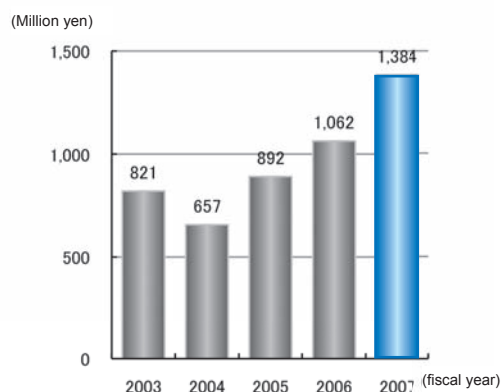
Trends in Net Sales



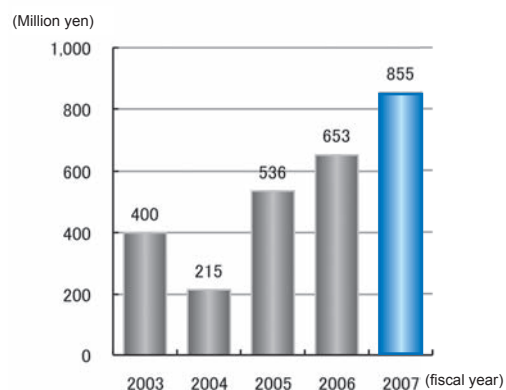
Trends in Net Income per Share



Trends in Ordinary Income



Trends in Net Income



Head office building

Environmental Reporting

Environmental Policy

Established: May 1997

Revised: June 2005

- (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 enlightenment activities in order to increase such people's awareness of environmental conservation.
- (6) The Company shall contribute to 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

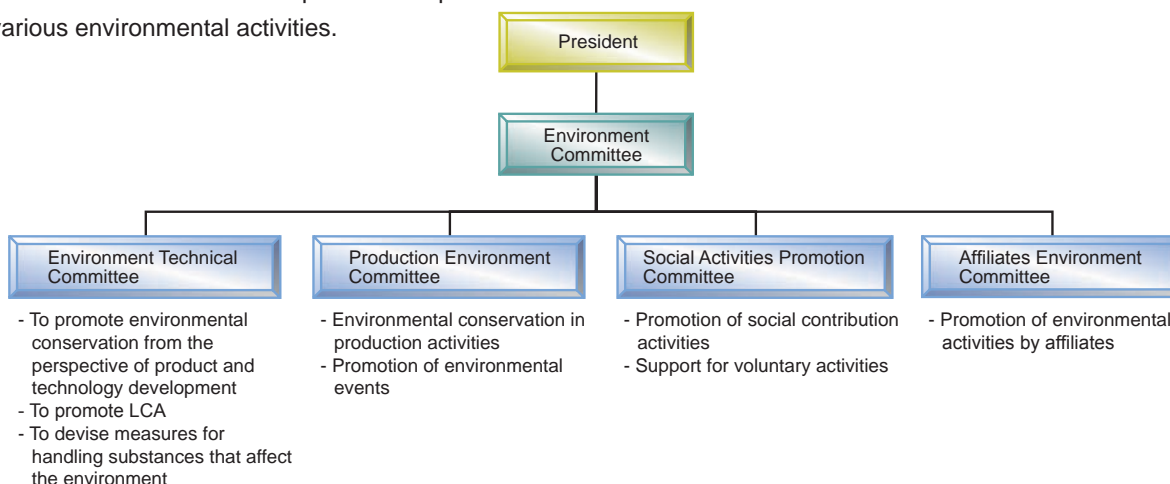


Environmental Management

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 chairmanship 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.



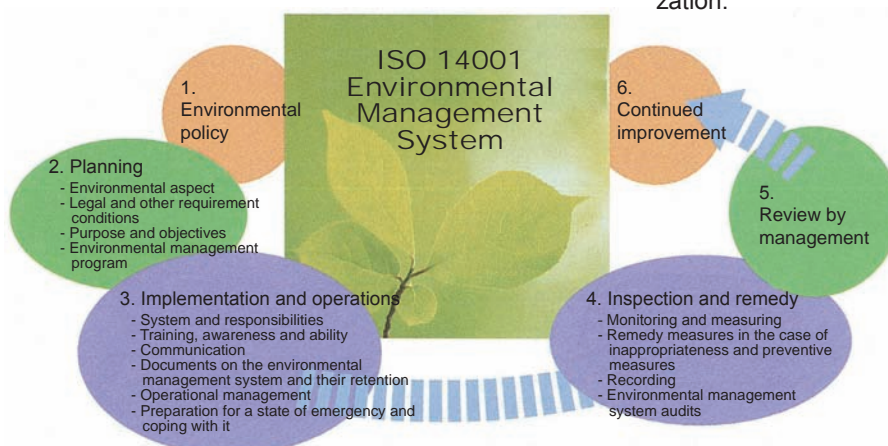
Operations of Environmental Management System

Since it acquired 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 basis every year.

Environment audits

To check whether its environmental management system functions appropriately, Sawafuji Electric conducts internal audits and undergoes external examinations by ISO examination agencies, on a regular basis every year.

Fiscal 2007 marked the 10th anniversary of obtaining ISO 14001 certification. The Company was ISO 14001 certified again after undergoing the examination for renewal by Japan Quality Assurance Organization.

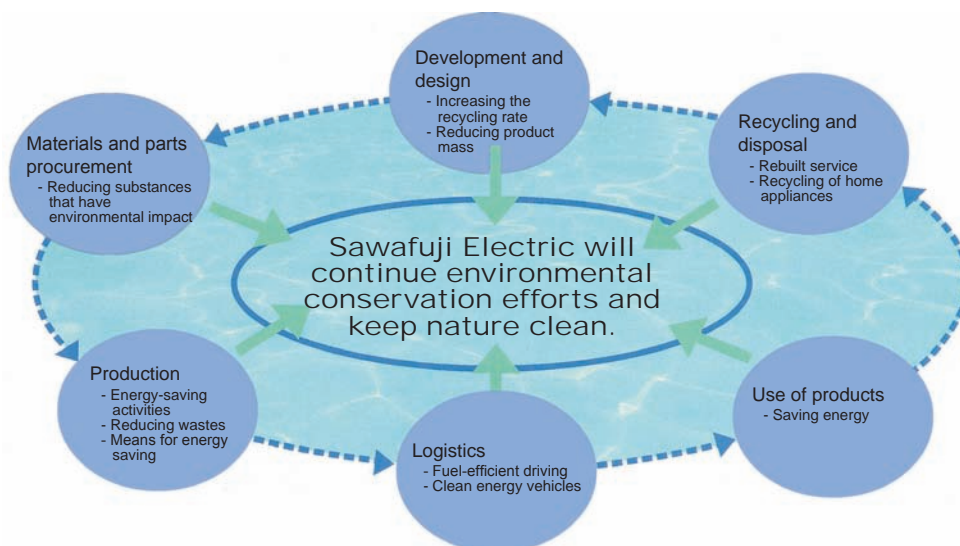


ISO 14001
Management System Registration
Document

Allocated Resources and Environmental Impact of Emissions in Business Activities

Energy emitted by business activities of Sawafuji Electric and its products affect the environment in the form of CO₂ and waste.

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



Targets and Results

The following are targets and results for fiscal 2007.

Item	Policy for efforts	Targets	Target fiscal year	Results for fiscal 2007
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 fiscal 1990 levels	2010	20% 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 fiscal 1990 levels	2010	20% reduced
Control and reduce substances having an 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	2008	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 fiscal 2001 levels	2010	4% reduced
Waste reduction and energy saving	Promotion of economizing resources in production activities	To reduce the ratio of waste dumping to net sales by 35 percent from fiscal 2001 levels	2010	42% 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 fiscal 2001 levels	2010	46% reduced

Environmental Education and Enlightenment

To have the environment management system effectively function, Sawafuji Electric provides environmental education for all its employees and workers of companies which operate on the 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 in February every year, aiming to enlighten its employees. In addition, the Company provides

support for training of 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 for dealing with a state of emergency (oil spill)

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 fiscal 2007, 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 Costs for conserving the global environment through energy saving and other measures Costs for recycling resources through waste recycling and appropriate disposal of waste	46
Upstream and downstream costs	Costs for recycling, collecting and appropriately disposing of products Additional costs for reducing environmental impacts through green purchase and other measures	1
Administration costs	Costs for operating and maintaining the environment management system Costs for monitoring environmental impact Costs for disclosing environmental information and providing employees with environmental training	38
R&D costs	R&D costs for environmentally conscious products R&D costs for curtailing environmental impact	288
Social activity costs	Costs for supporting environmental improvement made through tree planting, beautification and other measures Costs for contribution to society through environmental activities in local communities and other measures	1
Environmental remediation costs	Costs for restoring the nature	-
Total		374

Environmental conservation effects

(Unit: Million yen)

Item		Effects
Revenue	Gains from recycle-related sales	76
Energy saving	Improvement effects from the use of cogeneration systems and the implementation of energy-saving activities	11
Resources saving	Improvement effects from the implementation of resources saving and recycling activities	4
Total		91



サワフジは地球を愛す
環境にやさしく SOLAR発電(100kW)

Sawafuji loves the Earth and is eco-friendly
 Solar generation system (100 kW)

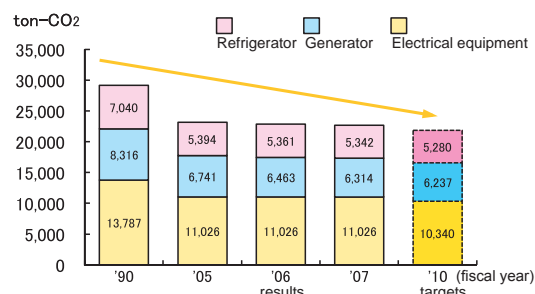
Environmental Efforts in Product Development

Prevention of Global Warming (reducing CO₂ emissions)

Sawafuji Electric aims to develop products with less environmental impact by tackling advanced technologies, materials and methods. As part of its efforts to reduce product mass, the Company is continuously miniaturizing and lightening electrical equipment and generators. By reducing product mass, CO₂ emissions can be slashed when raw materials are manufactured and when products are assembled or manufactured at the Company.

In developing refrigerators, the Company focuses

on energy saving, and to this end it is continuously improving the efficiency of its products in operation.



Reducing Substances having an Environmental Impact

Substitute chlorofluorocarbons

In its refrigerators, Sawafuji Electric has completed switching to substitute chlorofluorocarbons that do not deplete the ozone layer. HFC-134a is used as a coolant, and HFC-245fa and HFC-365mfc are used as insulation materials. Currently, the Company is conducting R&D on switching to non-chlorofluorocarbon coolants.

Asbestos

Sawafuji Electric has used commutators, which contain asbestos, in its starters and DC motors since 1979. However, it began to switch to asbestos-free components in 1995, and completed the abolition of asbestos in 1998.

Lead, mercury, hexavalent chromium, cadmium, and brominated substances are prohibited

In order to meet the request of our customers, Sawafuji Electric is working on totally abolishing targeted substances from all of its products by setting a deadline for each substance, in accordance with Europe's ELV and RoHS directives, and the voluntary regulations of Japan Automobile Manufacturers Association, Inc.

Development and Design of Environmentally Conscious Products

Reducing exhaust gas and fuel consumption

Motors are increasingly used as a device to slash exhaust gas from diesel commercial vehicles. Meanwhile, hybrid systems are effective in lowering fuel consumption. Electric-powered auxiliary machinery also contributes to cutting fuel consumption because such machinery can be operated only when needed. DC brushless motors are promising as motors for electric-powered auxiliary machinery from the perspectives of controllability and lifespan, just like the case of the above-mentioned device to slash exhaust gas.

Sawafuji Electric is actively conducting R&D on the use of hybrid systems and electric-powered auxiliary machinery for construction and industrial machinery. Against this backdrop, the Company expects electric power consumption to increase sharply from now on, and is developing and designing highly-efficient and high-power alternators.

Response to 3R (reduce, reuse and recycle) program

To thoroughly promote its 3R program, Sawafuji Electric has introduced resin quality marking as technical standards. The Company is also striving to improve the yield rate of materials to cut CO₂ emissions in the production stage.

3Rs

Keyword to building a recycling-based society where the environment and economics are compatible with each other.

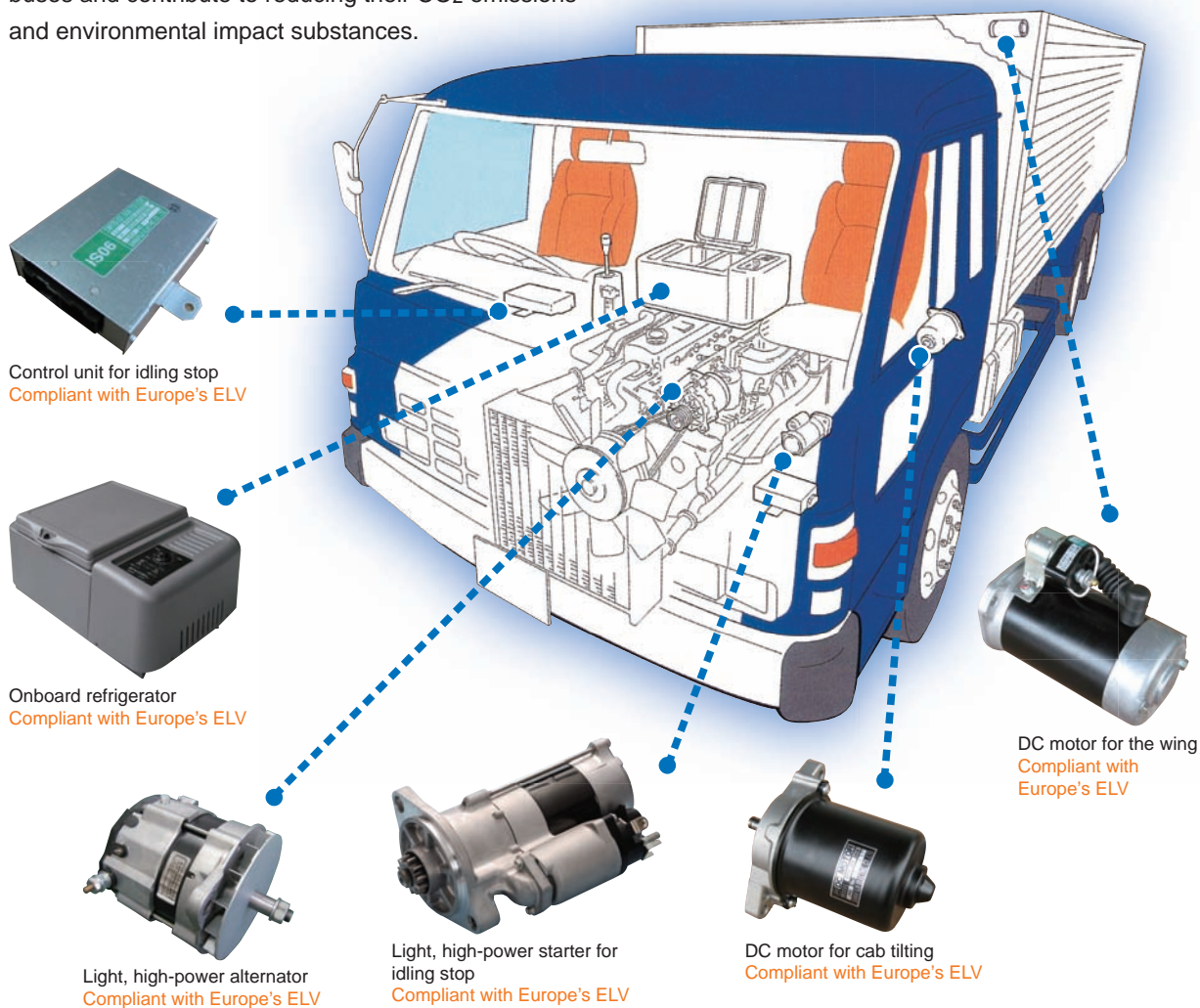
1. Reduce: Reducing the amount of waste
2. Reuse: Using recyclable resources as products or parts
3. Recycle: Using recyclable resources as raw materials

LCA

LCA (life cycle assessment) is a method for assessing the environmental impact of a product throughout its lifespan. Such environmental impact is gauged comprehensively over all phases of a product's life cycle, from production to transport, sales, use, disposal and reuse. The results of LCA are sometimes represented by the amount of CO₂ emissions.

Environmentally Conscious Products

Sawafuji Electric's products are used for trucks and buses and contribute to reducing their CO₂ emissions and environmental impact substances.

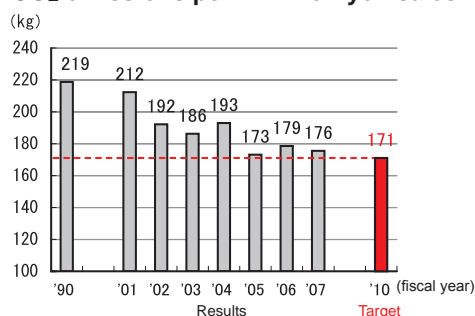


Environmental Efforts in Production Activities

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 fiscal 1990 levels by the end of fiscal 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 fiscal 2007, the Company reduced the amount of CO₂ emissions per 1-million-yen sales by 20 percent compared with fiscal 1990.

CO₂ emissions per 1-million-yen sales

Power Generation Results for June 2008 [1]

Amount of solar radiation
Temperature
Generated energy

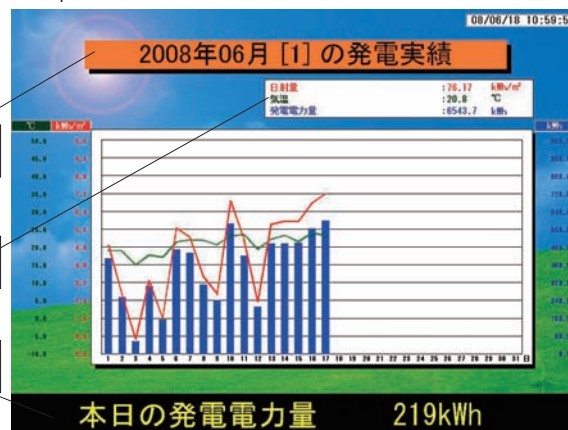
Today's generated energy: 219 kWh

Reduction of CO₂ Emissions by a Photovoltaic Power Generation System

In February 2007, Sawafuji Electric began to operate a 100 kW photovoltaic power generation system on a full-scale basis. This system enabled the Company to slash CO₂ emissions by 43 tons during the period between April 2007 and March 2008, which is equivalent to 0.7 percent of the average annual amount of CO₂ emissions.



Solar panels

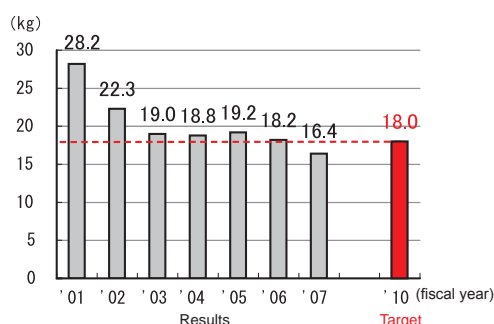


Photovoltaic power generation monitor

Reducing Waste and Saving Resources

Sawafuji Electric is making efforts to reduce the amount of waste it produces with the goal of “slashing 36 percent from fiscal 2001 levels by the end of fiscal 2010.”

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

CO₂ emissions per 1-million-yen sales

The Company established a recycling center in fiscal 2007.

The amount of waste per 1-million-yen sales for fiscal 2007 decreased 42 percent from fiscal 2001.

The Company will continue to reduce the amount of waste by further minutely subdividing such waste at the source.



Recycling center

Efforts to Protect the Soil and Ground Water

Sawafuji Electric previously used 1,1,1-trichloroethane, but totally abolished its use in 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 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.



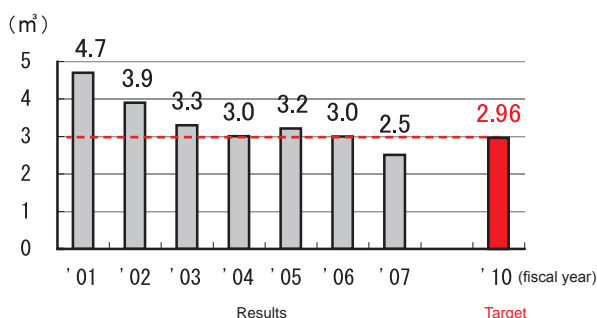
Economization of Water Resources

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

In fiscal 2007, such water consumption per 1-million-yen sales dropped 46 percent compared with fiscal 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

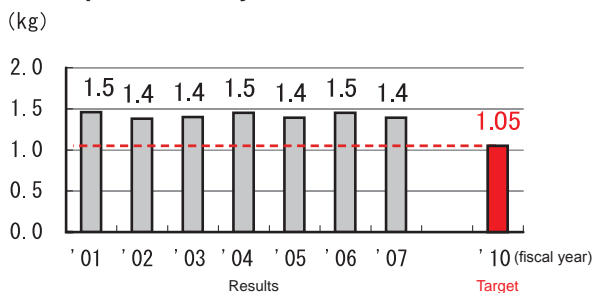
Reducing emissions of chemical substances subject to PRTR

Sawafuji Electric is making efforts to “reduce the emissions of chemical substances subject to PRTR by 30 percent from fiscal 2001 levels by the end of fiscal 2010.” In fiscal 2007, emissions of such chemical substances per 1-million-yen sales dropped 4 percent compared with fiscal 2001. From now on, the Company will endeavor to reduce the emissions of such chemical substances by further reusing paint diluents.

Storage of PCB (polychlorinated biphenyl)

As of the end of fiscal 2007, we held five condensers that contain PCB as insulating oil, which we appropriately manage.

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.

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 become vapor in the atmosphere, and include various substances such as toluene, xylene and ethyl acetate.

Efforts during the Energy-Saving Month Campaign

As part of our environmental efforts in production activities, Sawafuji Electric promotes energy and resources saving under the "Company-wide Energy-Saving Month Campaign."

In the Company-wide Energy-Saving Month Campaign for 2008, highest and excellence awards were presented to the following among many candidate improvement measures.

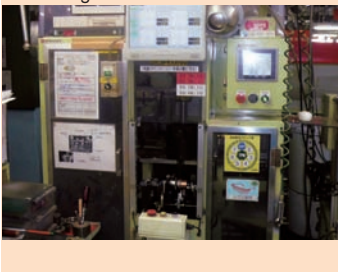
Highest Award in the direct division

Improvement in drying paints for motor dip and prevention of far-infrared ray escape



Highest Award in the indirect division

Reduction in loss caused by spoiled work of armature by changing the method for modifying starter armature balancing machines



Excellence Award in the direct division

Reduction of power consumption through the introduction of far-infrared heater for impregnated equipment



Excellence Award in the indirect division

Reduction of gas consumption through improvement of a noodle boiling machine



Company-wide Energy-Saving Month Campaign for 2008



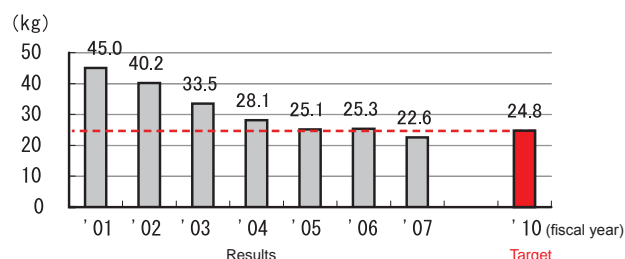
Environmental Efforts in Logistics Activities

Reduction of CO₂ Emissions in Product Transport

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

In fiscal 2007, the Company slashed CO₂ emissions in product transport per 1-million-yen sales by 49 percent compared with fiscal 2001, through switching to low fuel-consumption vehicles and energy-saving driving.

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

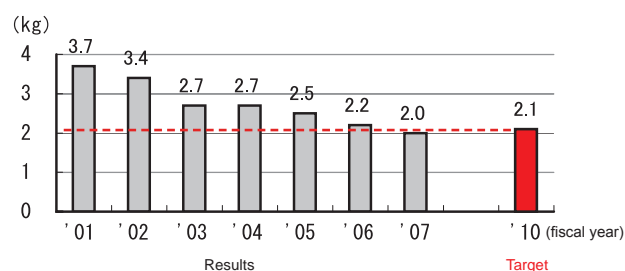


Reducing the Use of Packaging Materials

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

In fiscal 2007, the Company cut down the use of packaging materials per 1-million-yen sales by 46 percent from fiscal 2001 levels.

Use of packaging materials per 1-million-yen sales

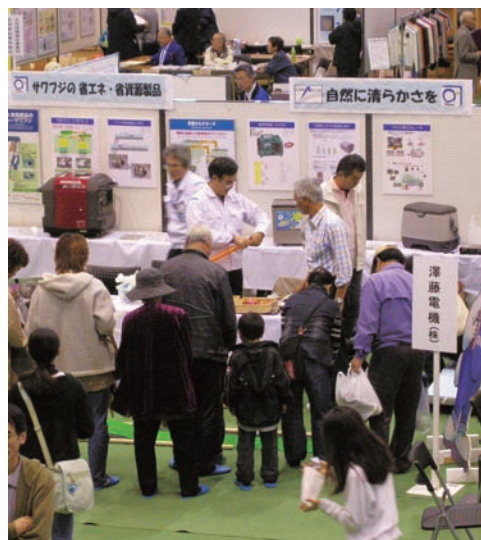


Environmental Communication Activities

Environmental Communication

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

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



Environment festival hosted by a local government in November 2007

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	68
	SOx	K value	17.5	below 0.5
	Soot and dust	g / m ³ N	0.1	below 0.005
Cogeneration (fuel oil A)	NOx	ppm	950	420
	SOx	K value	17.5	below 0.5
	Soot and dust	g / m ³ N	0.1	below 0.005

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	5	below 1
COD	mg / l	10 or less	7.3	2.2
SS	mg / l	15 or less	2	below 1
NH oil	mg / l	3 or less	1	below 1
Phenol	mg / l	0.2 or less	below 0.025	below 0.025
Copper content	mg / l	1 or less	below 0.02	below 0.02
Zinc content	mg / l	1 or less	0.93	0.19
Soluble iron content	mg / l	4 or less	0.03	below 0.02
Soluble manganese content	mg / l	5 or less	0.03	below 0.01
Chrome content	mg / l	0.2 or less	below 0.02	below 0.02
Fluorine compound	mg / l	1.5 or less	0.38	below 0.2
Total phosphorus	mg / l	8 or less	1.8	0.61
Total nitrogen	mg / l	60 or less	16	7.0
Lead content	mg / l	1 or less	below 0.04	below 0.04

Measures for PRTR

(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	28.1	28.1	0.0	0.0	0.0	0.0	0.0	0.0
Xylene	13.7	7.8	0.0	0.1	0.0	0.0	0.8	4.9
Toluene	15.8	8.4	0.0	0.9	0.0	0.0	0.1	6.2
Ethylbenzene	3.0	1.8	0.0	0.0	0.0	0.0	0.1	0.9
Lead compound	1.5	0.0	0.0	0.0	0.0	0.1	0.0	1.3

- 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.

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.

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

Social Reporting

Compliance

Ethics Principles; toward Establishment of a Workplace Culture

Aiming to establish a structure where no infringement of laws and regulations occurs, Sawafuji Electric enacted and implemented the "Corporate Ethics Principles," which provides for fundamental principles that officers and employees should comply with in various corporate activities.

Under these ethics principles, the Company is fostering and establishing corporate and workplace cultures through its business activities, in which each employee's initiative and creativity are stressed.

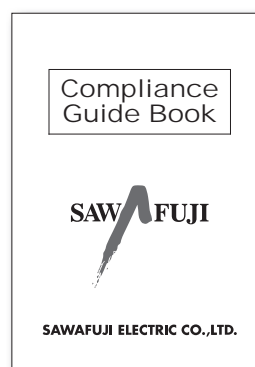
This Corporate Ethics Principles is publicized on Sawafuji Electric's website.



Sawafuji Electric website

Compliance Guide Book

To ensure that the Corporate Ethics Principles takes hold in-house, Sawafuji Electric prepared the booklet "Compliance Guide Book," which explains briefly about a further specific check of corporate ethics. In April 2008, the Company distributed this booklet to all employees and provided them with related education. We have also released a detailed version of this booklet on the intranet so that our employees can read it anytime.



Compliance Guide Book

Message from Top Management

Message from the Top Management

Sawafuji Electric Co., Ltd. is a company with a long history, founded in 1934. In 1980, the Company established its principles, "Let's contribute to society by fulfilling our duty to our customers and keeping our faith with them." Thus, we have implemented management with the emphasis on "corporate social responsibility" from early stages.

Of the main products that Sawafuji develops, manufactures and sells, electric equipment, generators and refrigerators are exported to more than 100 countries. Thus, the Company operates its business maintaining deep, trusting relationships with customers worldwide, local communities, business partners and public institutions, as well as a deep relationship with the global environment.

However, once scandals, such as infringement of laws, regulations or ethics, occur in the Company, the trust that it has earned over years will be lost immediately. In this case, not only the Company will undergo social sanctions, but also even its employees, their families, and our business partners will be damaged substantially.

I would like to ask the three parties of executive officers, managers and employees to act in accordance with the KMKM spirit, the basis of "Sun Sun Action." Here, "K," "M," "K" and "M" mean "deciding firmly," "never failing to follow what has been decided," "recording" and "monitoring," respectively.

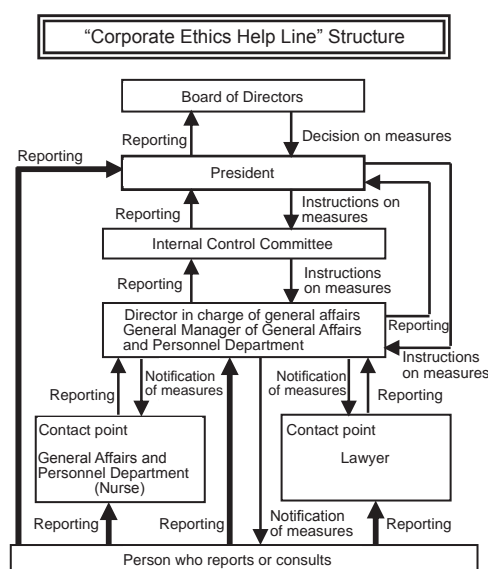
By doing the above, Sawafuji Electric will be able to continue shining brilliantly in the world as a company that contributes to society and is loved by customers.

April 2008

K. Takada
Koichi Takada
President and Representative Director,
Sawafuji Electric Co., Ltd.

Installation of Corporate Ethics Help Line

Sawafuji Electric is monitoring unlawful and antisocial acts by its employees and striving to prevent such acts. As part of such efforts, the Company in October 2004 formulated the "Corporate Ethics Help Line Rules," which provides for the establishment of a system that allows the persons involved to report and engage in consultation regarding any act that is in violation of or is suspected of violating relevant laws, regulations or the "Corporate Ethics Principles." We also do our utmost to protect related information and personal information to keep those who report on and consult about the said acts from being placed at a disadvantage.



Quality Assurance System

Sawafuji Electric, which has established a quality assurance system based on ISO 9001 certification for quality management systems (acquired by the Company in 1996), is always implementing quality improvement activities.

- Introduction of quality-by-design approach from the planning and design phases
- Quality control of parts incorporated into products
- Product inspection
- Quality assurance system that manages information on quality from customers
- Provision of after-sales service to customers, particularly major customers

As described above, our quality assurance system is operated by the whole company.

ISO 9001
Management System Registration Document



Efforts for fiscal 2008

Quality target:

"Giving top priority to customer satisfaction, Sawafuji Electric aims to realize one-digit higher, but matter-of-course, quality."

--- Quality indicators: from the world of % really to the world of ppm ---

Basic policy:

Sawafuji Electric will "identify its weak points and make company-wide efforts to reform them, with quality as the top priority of corporate management."

For key issues such as:

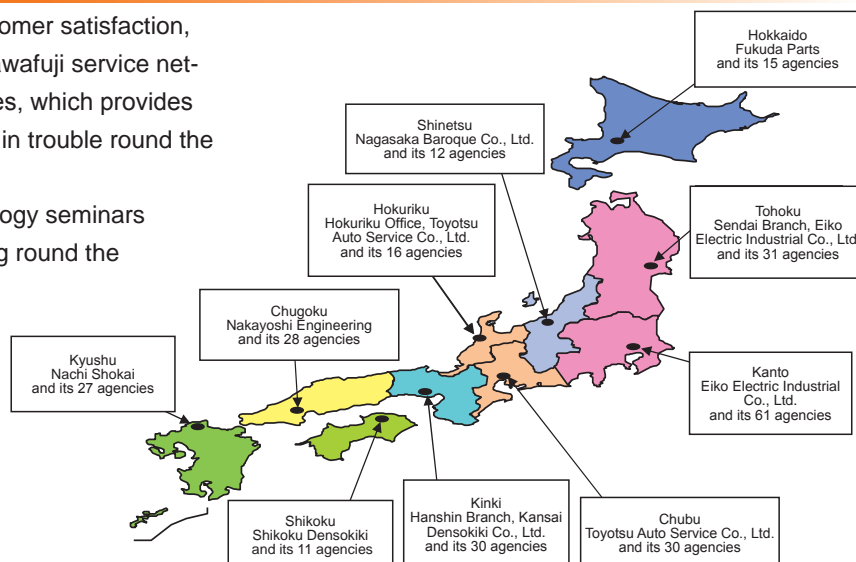
- Identification of weak points in terms of quality and reform of them on a company-wide basis; and
- In-house completion of quality improvement by the entire personnel

The Company will assign Directors as the people responsible for implementation and make company-wide efforts to supply products that satisfy our customers.

After-sales Service Structure

Giving the highest priority to customer satisfaction, Sawafuji Electric operates the Sawafuji service network, consisting of 261 companies, which provides speedy service to our customers in trouble round the clock, seven days a week.

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



Structure for Handling Product Defects

If there are any product defects, the Quality Assurance Department collects information, and if necessary, conducts a field investigation, recall and repair, while relevant departments improve such products. When determining that it is necessary to take some

market-related measures regarding defective products, the Company will notify its customers and related agencies of the matter, while replacing, repairing, and supplementing the relevant products or otherwise handling the matter.

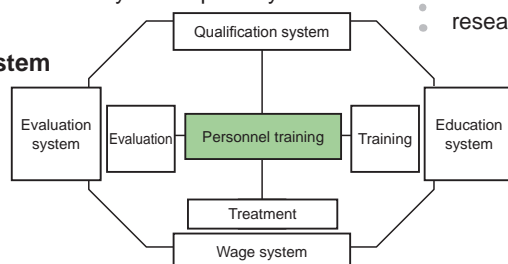
Together with our Employees

Personnel System and Training

Overview of the personnel system

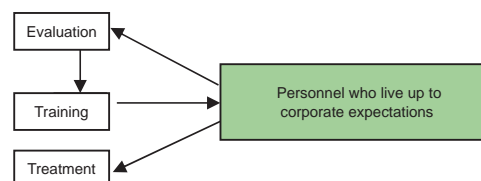
Positioning personnel training as its core, Sawafuji Electric strives to revitalize its organization, while considering individual employees' initiative and creativity important. The Company also makes a strong effort to develop employees' abilities, hoping this will help them demonstrate their initiative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

Outline of personnel system



Training and enlightenment

- 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 self-enlightenment of its employees, the Company also implements education, through various education courses by correspondence, meetings for presenting research papers, and lectures.



Employment

Promoting the employment of disabled people

Sawafuji Electric provides a work environment where disabled people can work without anxiety, and employs such people in accordance with the Disabled Persons Employment Promotion Law. In fiscal 2007, the Company's ratio of disabled people employment was 2.29 percent, exceeding the statutory employment ratio of 1.8 percent. For this fiscal year, we will further promote employment of disabled people.

Reemployment system

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

Creation of Workplace that is Easy to Work in

Flextime system, child-rearing leave system and nursing-care leave system

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

- "Flextime system" which supports employees in working efficiently and under their own initiative.
- "Child-rearing leave system" which helps employees bring up children under one year of age.
- "Nursing-care leave system" which allows employees to take leave so that they can look after their family member in need of care.

Promotion of a comfortable workplace

- Sawafuji Electric is improving its workplace systematically, aiming to create a comfortable workplace that is easy to work in and where its employees feel less tired and stressed at work.
- To this end, the Company is striving to accurately understand the present state of the office environment, and asking for the staff's opinions and requests. In fiscal 2007, we inspected ducts and carried out workplace patrols at night.



Improving bathrooms, establishing a smoking area, and improving luminous intensity

- As part of its efforts to make the workplace comfortable, Sawafuji Electric has improved its lavatories, established a smoking area, improved the intensity of illumination, and changed canteen chairs to more comfortable ones. Thus, the Company is striving to keep the working environment comfortable.

Smoking area established as an effort to divide the workplace into smoking and nonsmoking areas.



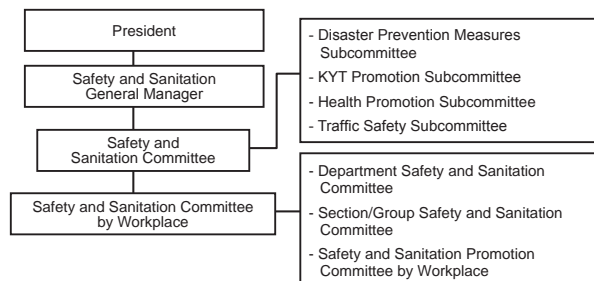
Safety and Sanitation

Safety philosophy and safety promotion system

Under the slogan "Safety must come first," Sawafuji Electric has established a safety and sanitation 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

Safety and sanitation management system



Workplace risk reduction activities and prevention of such risks

Through the FI activities ("Find" and "Identify" issues (or treasures)), Sawafuji Electric continuously identifies and reduces workplace risks, aiming to prevent such risks.

Once a month, the section head assesses risks presented by employees in the incident report, and describes the results in the risk assessment list, in order to reduce and prevent such risks.

Safety patrol activities

Members of the Safety and Sanitation Committee patrol within the plant, identify items that need to be remedied, from the perspectives of disaster prevention, KYT promotion, health promotion, traffic safety, and other aspects, and take necessary measures.



Work measurement and work environment improvement

Work measurement

Sawafuji Electric secures the quality of products by checking key parts in the lines and conducting two-minute checks (to see whether things are kept tidy and in order, tools are appropriate, things are put on proper places, parts are measured correctly, and so on). The Company also visualizes measurement results as a management figure, aiming to prevent abnormalities from occurring.

Work environment

In fiscal 2007, Sawafuji Electric installed spot air-conditioners in each line as part of its efforts to improve the plant's work environment. The Company will improve the powder coating line and provide workers with T-shirts (bearing the Sawafuji logo).

Training activities

Opening of FI Training Hall

To secure safety and quality of the plant, Sawafuji Electric has opened the "FI Training Hall," where training is provided to improve work skill levels at each workplace. There, training on micro measurement, thread fastening, crimp, soldering, and other topics has been implemented so far.

Work safety training

To ensure safe work, Sawafuji Electric provides training to recognize danger by showing trainees simulation of accidents and other mishaps that occurred in the past. So far, the Company has implemented such training about the case where workers are caught in equipment, are cut by chips, confirm safety by wearing a helmet, and other issues.



Sign of the FI Training Hall



Exhibition of protective devices

Maintaining Employees' Health

Mental health training

In recent years, workers have been increasingly stressed, and more and more workers feel anxious and stressed about their job. Under such circumstances, mental health problems have been further affecting workers, their families, offices and the overall society. Hence, it has become an important issue to maintain and improve people's mental health. Against this backdrop, Sawafuji Electric has introduced a mental health care system, under which it is promoting self-care by employees, line-care by managers and supervisors, care by industrial doctors and nurses, and care by outside specialist doctors. The Company is actively making every effort to cope with these mental health problems, by distributing to all employees a booklet called "Mental Health Measures," publicizing its contents on the intranet, and providing managers and supervisors with related training provided by outside lecturers.

Mental health seminar



Promoting employees' health

- In order to promote its employees' health, Sawafuji Electric conducts health examinations in accordance with relevant laws, and secondary examinations when needed. Employees can receive instructions from an industrial doctor.
- The canteen also offers a "healthy menu" among the daily set meals so that employees can manage their health.

Measurement by electrocardiogram



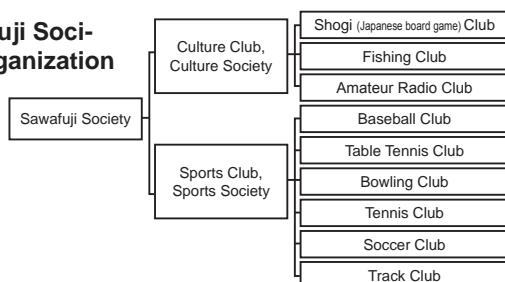
Canteen menu



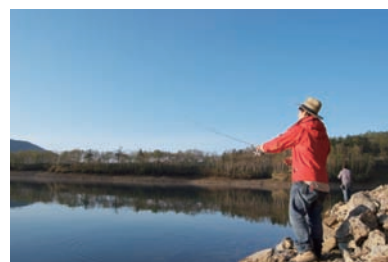
Club Activities

Sawafuji Electric has organized the "Sawafuji Association," which supports employees with the same hobbies or those sharing the same interest as clubs and promotes such club activities. Under the Culture and Sports societies, various clubs are formed, and these clubs exchange activities with other offices and companies. Such activities are expected to refine employees' human qualities.

Sawafuji Society organization chart



Fishing Club



Baseball Club



Basic Policy for Procurement

In our procurement activities, Sawafuji Electric conducts impartial and fair transactions with our suppliers by fully implementing compliance and confidentiality.

To seek understanding and cooperation from our suppliers, the Company holds a “briefing for procurement policy” for them once every year, and an “information exchange meeting” on a regular basis to explain its business plan, procurement policy, and other issues.



Briefing for procurement policy

Procurement's basic philosophy and purpose

Basic philosophy

- Mutual trust and coexistence and co-prosperity with suppliers

Purpose

- Securing appropriate quality
- Realizing and maintaining the industry's lowest cost
- Establishing a stable procurement system
- Smoothly implementing production activities

Green Procurement Guideline

Sawafuji Electric's business activities are supported by parts and raw materials supplied by many business partners.

Given that it is necessary to cooperate with such partners in our efforts toward environmental protection, the Company holds a briefing for measures against environmental impact substances in a timely

manner, and exchanges information regarding compliance and suppliers' environmental demands. We have also prepared the “Green Procurement” guide for office supplies used in-house, and are promoting the use of products that comply with the Green Purchasing Law.

Environmental efforts explained at briefing for procurement policy

Efforts to reduce substances that have an environmental impact

Procurement Policy for 2008

Environment Efforts
(Lead, mercury, cadmium, hexavalent chromium, bromine, newly regulated substances)
(1) Plan to switch from substances that have an environmental impact

Major customer	2006	2007	2008
DN Co.	May 10 (switch completed)		REACH-complied
T Co.	June 3 (switch completed)		Use of PFOS prohibited
H Co.	From June 6, July 1 (switch completed)		Use of PFOS prohibited
HO Co.		From July 4, For Europe (switch completed)	REACH-complied
K Co.		From July 4, Hexavalent chromium (switch completed)	Use of PFOS prohibited
Others		From July 4, (being switched consecutively)	Being switched consecutively
Sawafuji	From June 4, Refrigerators to Europe (compliant with RoHS), six substances abolished		Being switched consecutively

Thank you for your cooperation.

Problems and requests concerning the prevention of recurrence of similar incidents:

- Flowing out of products containing regulated substances → - Compliance with Sawafuji SC standard
- Compliance with new rules

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Response to future environmental regulations

Procurement Policy for 2008

Request for environmental efforts for fiscal 2008

Respond to future environmental regulations

- 1. "Response to LCA" and "Response to REACH regulations"**
→ To provide data and information at the request of surveyors
- 2. Efforts toward environmental management**
→ To acquire ISO 14001 or Eco Action 21 certification
→ To quantitatively recognize substances that have an environmental impact and reduce them

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Together with Local Communities

Activities for Contributing to Local Communities

Sawafuji Electric promotes contribution to and communication with local communities through various activities, including a get-together meeting with people of a sheltered workshop who visited the

Company, plant tours, opening its gymnasium and grounds to local people, participating in industry fairs hosted by local governments, and conducting cleaning activities around the plant.

Get-together meeting with people of a sheltered workshop



Playing balloon volleyball



Plant tour

Opening of the gymnasium and grounds

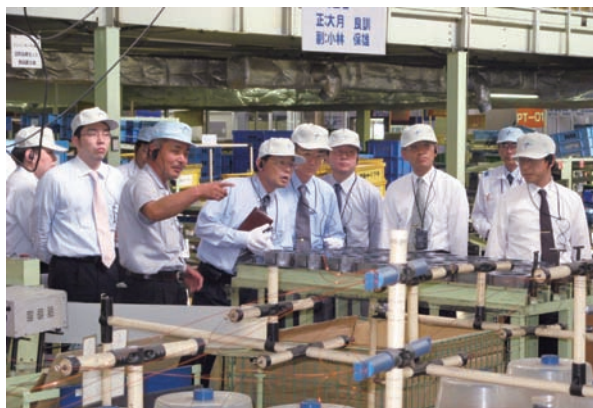


Sawafuji Gymnasium



Grounds

Social contribution and communication



Plant tour



Cleaning around the plant



Sawafuji Loves the Earth!

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