

Eco-Management Report 2004 Japan Servo Co., Ltd.

Environmental Activity Topics for Fiscal 2003

Environmental Volunteer Activities

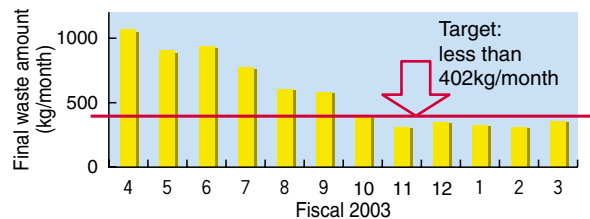
Japan Servo employees are contributing to society through proactive participation in voluntary environmental activities.



September 6, 2003
Participated in a
Cleanup Program
(at Tokyo Port Wild
Bird Park)

Zero-emission Initiative

The Kiryu Plant is endeavoring to attain the status of being a "Zero-Emission Facility" (final waste amount: less than 5t/year), and has succeeded in reaching its monthly goal of 402kg/month since November 2003; and their activities are ongoing.



President's Message

Now that it has become clear that industrial activities have a serious influence on the global environment, it is impossible for a corporation to manage its business without taking environmental issues into considerations. Corporation contributes to society through its products and services, gaining consumers' trust by continuing to provide satisfaction or a sense of reassurance. Corporation business that wastes resources or harms the environment will lose consumers' trust, and its value as a corporation.

We maintain our planned approach to environmental activities as part of our business operations, keeping the future of society within our view. Our major achievements have been the attainment of our goals of reducing waste generation and lowering energy usage by surpassing targeted values, and this was made possible by raising the awareness of each and every employee. Further, including overseas factories, the Japan Servo Group was accredited with ISO 14001 certification. The Kiryu Factory began its "Zero-emission Initiative" and since November 2003, it has continued attaining each of its monthly targets. In addition, it is expected to reach its annual target in fiscal 2004. Through this report, we hope to gain your understanding of our philosophy and activities in the area of environmental protection. We would welcome and value your feedback on any of the matters discussed.

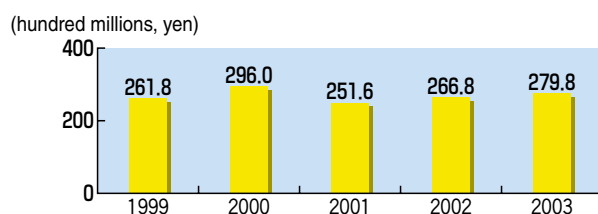


May 2004
President

Noboru Horie

Company Outline

Company Name: Japan Servo Co., Ltd.
Headquarters: 7 Kanda-mitoshirocho, Chiyoda-ku, Tokyo 101-0053 Japan
Established: April 19th, 1949
Representative: Noboru Horie, President
Business: Development, manufacture and sales of consumer and industrial small motors, fan blowers and sensors, and motor application products
Capital: 2,547,750,000 yen
Annual Sales (consolidated)



Editorial Focus

This report covers results of environmental activities carried out during fiscal year 2003 (April 1, 2003 to March 31, 2004). Our next environmental report is scheduled for publication in May 2005.

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Major products



[Motors]



[Fans]

Environmental Vision

Basic Philosophy

Taking “*Motor Solutions for Partners*” as its slogan, Japan Servo aims to further combine its company credo, “committed to future development, customer service and friendly relationships”, with a basic philosophy of contributing to society through excellent proprietary technology and products.

In addition, our company, fully understanding that businesses are part of society, will strive towards honest and transparent business practices, and conducting its operations in harmony with the environment. Furthermore, by making an active contribution to society, we will work as responsible corporate citizens to help bring about a way of life that is truly rich in the spiritual as well as the material sense.

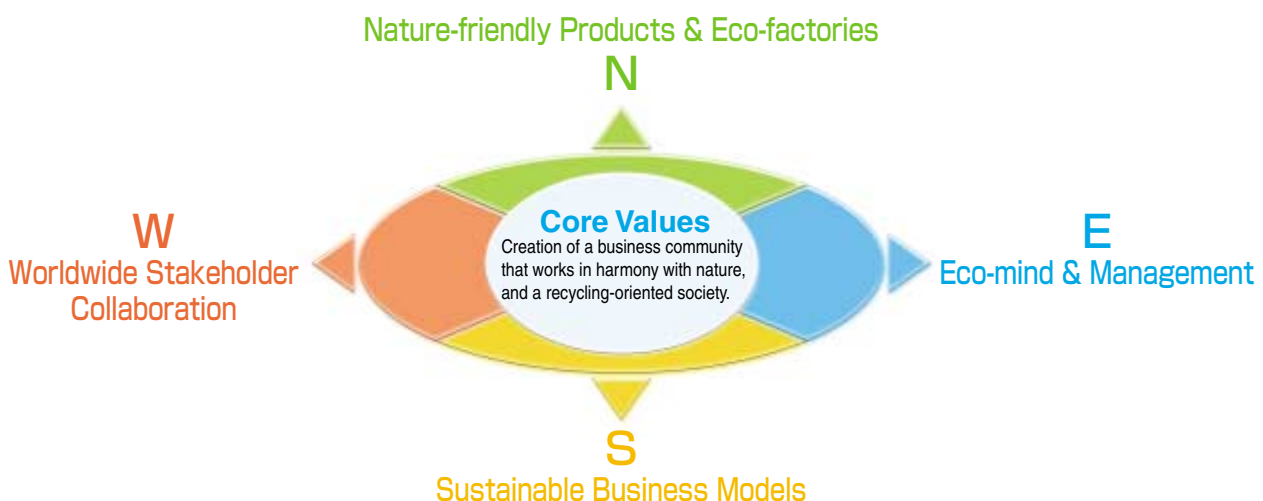
Guide to Environmental Protection Activities

With the support of each and every staff member, Japan Servo will promote activities that protect the environment in line with the following principles:

1. Maintain our environmental promotion stance, and develop our business, while attracting favorable attention for our environmental activities. We will continually improve our efforts in this direction through the application of evaluation systems such as “Green 21” and ISO14001.
2. We will observe all regulations, laws, other stipulations, agreements, and our own standards with regard to the environment.
3. We will be sparing in our use of limited natural resources, and will promote low-energy recycling together with reduction in waste generation.
4. When designing and developing new products, we will factor in measures to reduce environmental burden, and find environmentally friendly substitutes for potentially harmful substances.
5. We will promote environmental awareness among our employees and vigorously pursue a program of activities to help protect and improve our regional environment.

Green Compass

Japan Servo will help blaze a new trail towards a corporate community that is in harmony with nature, and a recycling-oriented society. And, for the benefit of upcoming generations, we will advocate society's adoption of a new business model, to be advanced on four fronts:



Environmental Activity Plans and Outline of Results

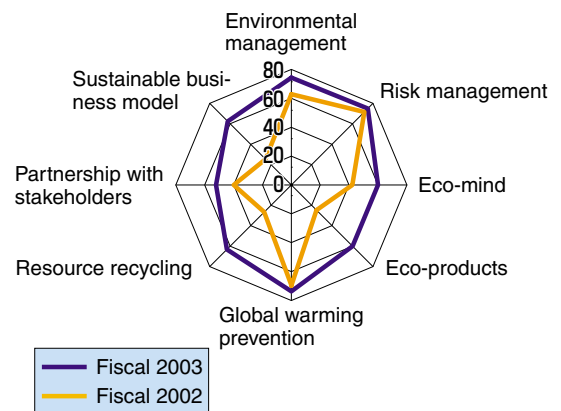
	Activity Headings	Target Levels	Target Year	Activity Situation and Outline of Results
Eco-mindset and Management	Environmental Management	ISO 14001 certification for domestic and overseas companies (Head Office, domestic and overseas factories, domestic distribution companies)	Fiscal 2004	Singapore Factory: certified in May 2003 China Factory: certified in July 2003 Head Office / Servotec: certified in February 2004
	[GREEN21] ver.2 * 1	Commenced in Fiscal 2002: 640GP	Fiscal 2005	Results of Fiscal 2003: 530GP
	Environmental Accounting	<ul style="list-style-type: none"> Firm establishment of environmental accounting, strongly promote environmental management Furthering the internal use of environmental accounting in an efficient manner by utilizing indexes, including the rate of reduction of environmental burden. 		
	Environmental Education	We will endeavor to instill a high level of "eco-awareness" in the minds of all our staff and their families.		Initiation of e-learning (first plan completed)
Eco-products and Factories	Environmentally Suitable Products * 2	Increase in the number of environmentally suitable products (over 80% of total)	Fiscal 2006	Results of Fiscal 2003: 56%
		Total abolition of prohibited substances under the RoHS Directives (hexavalent chromium, lead, cadmium, mercury)	December 2004	
		Furthering of Green Purchasing (gain more participations of vendors in [A GreenNet] system: 60 companies)	Fiscal 2004	Results of Fiscal 2003 Registered companies: 40 companies
	Transportation Efficiency	Reduction in transportation distance: -5% (compared to fiscal 2003)	Fiscal 2004	Results of Fiscal 2003: -14%
	Prevention of Global Warming * 3	Factory energy conservation activity (compared to 2002) <ul style="list-style-type: none"> Reduction of unit labor energy (-6.68%) (Crude oil conversion rate/total labor hours) -7.59% 	(Fiscal 2003)	Results of Fiscal 2003: -14.5%
			Fiscal 2005	
	Reduction of Waste Materials * 4	Reduction in site waste (compared to fiscal 2002) -13.9%	Fiscal 2004	Results of Fiscal 2003: -28.1%
		Attainment by the Kiryu Factory of "Zero-emission Factory" status Final waste amounts: less than 5t/year (402kg/month)	Fiscal 2004	03/11 314kg attained and continuing
	Control of Chemicals	Reduction of targeted materials Reduction ratio: 46% (compared to fiscal 2000)	Fiscal 2005	Results of Fiscal 2003: -44%
	Control of PCBs	Thorough control of storage of electric equipment using PCB's (number, leakage prevention, etc)		
Factory Drainage, Water Quality Control	Thorough control and compliance with internal control standards		Below internal control limits	
Partnership with Stakeholders * 5	Work towards communication and release of information to stakeholders (customers, government, stockholders, business partners and the public)		Publish Environmental Report (May 2003) Participation in local volunteer activities	
Sustainable Business Model	Promote the promulgation of a total solution, which incorporates technology to protect the environment, business activity that minimizes the ecological burden, and an environmental information package			

* 1. GREEN21 ver.2 activities (from fiscal 2002 to fiscal 2005)

Activity supportive of environmental management which includes self-evaluation that consolidates evaluation standards of all environmental activities, and continual improvement in the level of activity.

● GP evaluated items

NO.	Category	Major evaluation points	2002	2003
1	Management environment	Environmental management, operation plan, environmental accounting	64	76
2	Risk management	Compliance with laws and setting of company standards	72	76
3	Eco-mind	Employee education and improvement in their consciousness	43	60
4	Eco-products	Product, service assessment, green purchasing, distribution	24	60
5	Global warming prevention	Energy conservation at the site	72	75
6	Resource recycling	Reduction in waste, chemical substance control	27	65
7	Partnership with stakeholders	Information disclosure, communication, community activities	38	54
8	Sustainable business model	Stance, plan, product recycling, and environmental restoration activities	26	64
Total			366	530



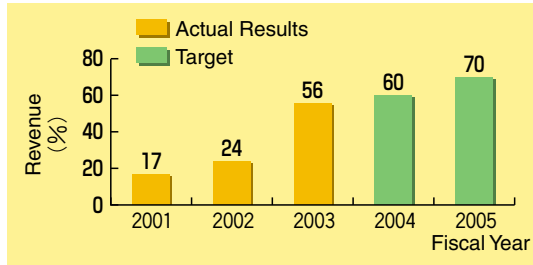
In order to ensure the launch of the fiscal 2005 action plan, we started version 2 of the Green Compass in fiscal 2002 to set the direction. In fiscal 2003 we were able to increase 164GP in comparison to fiscal 2002, due to waste reduction through our efforts towards zero-emissions and e-learning education. We will continue to make progress towards our 640 GP target in fiscal 2005.

* 2. Environmentally Suitable Products

We develop products along with the "environmental applicability design assessment" that takes into account an environmentally-suitable design, in order to minimize the damage that a product causes to the environment and the burden it imposes on the environment at each stage of the product life cycle (raw material acquisition, manufacture, distribution, use, collection, break-down into components, and correct disposal). We evaluate each product, and if a product meets or exceeds the standard value, we register the product as an environmentally-suitable product.

As of March 2004, 56% of our total product revenues was occupied by environmentally-suitable products

● Proportion of revenues from environmentally-suitable products



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As of March 2004, 56% of our total product revenues was occupied by environmentally-suitable products (environmentally-suitable product revenue divided by total product revenue) and we are approaching our goal of 80% (by fiscal 2006).

We have been furthering our green purchasing as well as taking steps toward the total abolition of harmful materials - total abolition under the RoHS Directives (lead, mercury, cadmium and hexavalent chromium) by December 2004.

● Representative example of an environmentally-suitable product



Brushless DC motor
BH60 series
Capacity:
Reduced by 20%



DC fan
D1338S series
Powerconsumption:
Reduced by 16%



HB-type stepping motor
KH56-800/900 series
Waste material:
Reduced by 44%

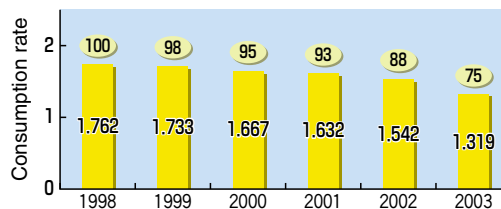


DC Blower
0720H series
Capacity:
Reduced by 25%

* 3. Preventing Global Warming

[Labor hours energy consumption rate = crude oil conversion rate/labor hours]

Through our energy-saving activities, we were able to achieve a 14.5% reduction compared to our reduction target of 6.68% (in comparison to fiscal 2002) through such initiatives as the conversion to (1) inverter-type compressors and (2) inverter-type fluorescent lights. In fiscal 2004, we will continue and further our energy-saving activities through planned investment in the environment, and in addition, we will institute, from time to time, "energy-saving patrols" to ensure that energy-saving practices are being followed.

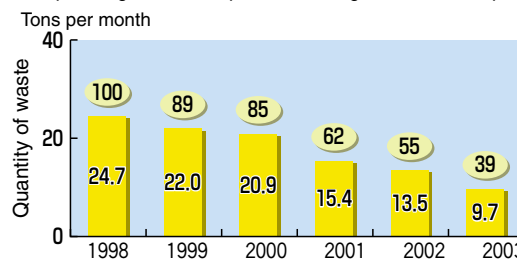


[Conversion to inverter-type fluorescent light]

* 4. Waste Material Reduction

Progress in zero-emission activities at Kiryu Factory

In the course of production, a variety of waste materials and materials that have re-use potential are produced. In order to reduce our final waste amounts as close as possible to zero, Kiryu Factory promoted "Zero-emission Initiatives" to achieve zero-emissions in fiscal 2003 (definition: current fiscal year's final waste rate should be 1% or less, and at the same time, less than 5t). The measures include recycling of the wooden scrap from pallets used in transportation and plastic scrap from setup changes, or incorporation of a grease/water separation device in order to re-use alkaline detergents. As a result, waste volume as of November 2003 was 314kg, which meant that we met our monthly target of 402kg and the measures are still continuing. In fiscal 2004, we will try to attain zero-emission status. Further, regarding the disposal volume from the site, we were able to attain a 28.1% reduction surpassing a target reduction of 13.9% (compared to fiscal 2002) due to strict adherence to separating waste in each area.



[Separated waste disposal area]

* 5. Partnership with stakeholders

Every year we publish an environmental report in order to improve communication with the local community. In fiscal 2003, we actively participated in volunteer activities, such as community gardening and cleanup, as part of our contribution to serving the community. In fiscal 2004, to raise the environmental awareness of our employees, we created an "Environmental Award" for employees who contributed to improving our environmental controls and reducing environmental impact.



[Cleaning activity at the Kiryu Factory]

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30%
Minimum
SA-coc-1225

At least 30% of the fiber used in making this product line comes from well-managed forests independently certified according to the rules of the Forest Stewardship Council

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