

Outshining Light
2014 Environmental Report



STANLEY

STANLEY ELECTRIC CO., LTD.



- 01 Contents
- 02 Top Message
- 03 Introduction to the Stanley Group's Business
 - 03 Business Overview
 - 04 Major Affiliate Companies
 - 05 Main Products
- 06 Special Feature
 - Highlights of Our Environmental Activities in FY 2013—
 - Creating Value from Light and Illuminating a Bright Future**
- 09 Environmental Management
 - 09 Stanley Group Vision / Environmental Management
 - 10 Basic Stance on Environmental Management
 - 11 Environmental Long-Term Management Plan
 - 12 Environmental Management System / Environmental Management Structure
 - 13 Environmental Education / Environmental Management Auditing
 - 14 Environmental Risk Management
- 18 Environmental Performance
 - 18 Results of Activities from FY 2013
 - 19 The Environmental Impact of our Business Activities
 - 20 Initiatives for the Prevention of Global Warming
 - 22 Initiatives for Resource Recycling (Waste / Water)
 - 23 Design for Environment
 - 24 Initiatives at Our Overseas Production Bases
- 26 Relations with Communities
 - 26 Environmental Communication / Social Contributions

Editorial Policy

Embracing the bold Stanley Spirit of "outshining light," the Stanley Group strives to contribute to society and achieve both environmental protection and economic development through the boundless pursuit of the value of light. This report provides information on our basic stance on environmental management and the status of our environmental protection activities in an easy to understand manner. It was issued in the aim of further increasing communication with our shareholders, suppliers and investors, residents of local communities, the people who use our products, and employees, as well as to reassure them and gain their confidence.

● Applicable Scope of the Report

This report covers Stanley Electric Co., Ltd., 8 affiliate companies in Japan, and 13 major overseas production affiliate companies. The data for our major overseas production affiliate companies is on the amounts of various kinds of energy and water they consume, their CO₂ emissions, and their waste output.

● Applicable Period of the Report

FY 2013 (April 1, 2013 to March 31, 2014)
Some parts of the report include environmental activities from FY 2014.

● Business Changes related to the Environment during the Report Period

[Domestic]

- Dismantling of our Soya Office

[Overseas]

- Establishment of Stanley Electric Trading (Shenzhen) Co., Ltd.

● Guidelines Consulted

The Environmental Reporting Guidelines 2012

● Month Issued / Next Scheduled Issuance

Month Issued: July 2014
Next Scheduled Issuance: July 2015
(Issued every year since 2002)

For more information, please contact

Stanley Electric Co., Ltd., Environmental Planning & Management Department

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TEL: 81-463-80-1388 FAX: 81-463-80-1926 URL: <http://www.stanley.co.jp/>



Top Message

Aiming to Create New Value from Light and for the Sustainable Development of Society and Business



President
Takanori Kitano

In the summer of 2013 the Japanese islands were buffeted by abnormal weather in the form of record-setting heat waves and repeated heavy rains. As an example, temperatures of 41.0°C were recorded in Shimanto City, Kochi Prefecture, marking a new record high in recorded history that revised the highest temperature in Japan upwards. What is more, we also had torrential downpours that prompted the Japan Meteorological Agency to declare them "heavy rains the likes of which we have never experienced before" and called for the utmost vigilance against them. Given the frequency with which such abnormal weather has been occurring in recent years, it is being said that global warming is implicated in this.

Yet emissions of carbon dioxide and the other greenhouse gases that are furthering global warming continue to increase around the world, and are at levels where we must brace ourselves for the risk that mankind will no longer be able to deal with the negative repercussions of future warming.

As this indicates, the environmental problems that we are currently facing are growing in severity year by year, and pose urgent challenges on which we must concentrate humanity's wisdom and strength. Looking to the future, citizens, companies, and governments must consider the problem from their own respective positions and take resolute action right now.

Those of us in the Stanley Group consider environmental problems to be a greater challenge for corporate social responsibility (CSR) than ever before, and promote day-to-day efforts that pursue a balance between environmental protection and economic development in aiming for the sustainable development of society and companies. In particular, this involves striving to improve the efficiency of the energy we use as a result of our business activities and manufacturing products designed for the environment. These represent important and indispensable themes to us, as a company for which manufacturing sits

at the foundation of our business activities, and so we have thrown our efforts behind such initiatives.

To be specific, we are proactively promoting the installation and updating of production equipment with outstanding energy efficiency, and have also established installation criteria for power meters and have installed them in various sites. This has been done in an effort to reduce wasted power by visualizing the power it takes to produce one product. The result of this has been to reduce our basic added value units for CO₂ emissions, which we have adopted as an indicator expressing our production efficiency related to energy, from 83.4t-CO₂/.1 billion yen to 79.3t-CO₂/.1 billion yen for a 4.9% reduction in the previous fiscal year.

What is more, in order to promote the manufacture of products designed for the environment from the design stage onwards, we enacted our Design for Environment Guidelines in the previous fiscal year. By applying these guidelines to the full range of our product design we are aiming to provide a large number of more environmentally friendly products and reduce the environmental impact on society as a whole.

We in the Stanley Group think about what must be done now as we continue on with our future-oriented activities to create new value for light for the future. We do this in order to pass on the immeasurably rich blessings of our Earth and its ecosystems to the next generation in a healthy state.

Here, we have compiled the environmental protection activities of the Stanley Group over the previous fiscal year in the form of our 2014 Environmental Report.

This report is designed to raise understanding of our company's initiatives, attitudes, and specific activities for environmental conservation. We welcome your candid opinions with a view toward strengthening our future activities.



Introduction to the Stanley Group's Business

Business Overview



Company Profile (as of March 31, 2014)

Corporate name: Stanley Electric Co., Ltd.
Address: 2-9-13, Nakameguro, Meguro-ku, Tokyo 153-8636, Japan
Phone : 81-3-6866-2222
Founding : December 29, 1920
Establishment : May 5, 1933
President : Takanori Kitano
Capital stock : ¥30,514 million

Major Lines of Business (Corporate Objectives)

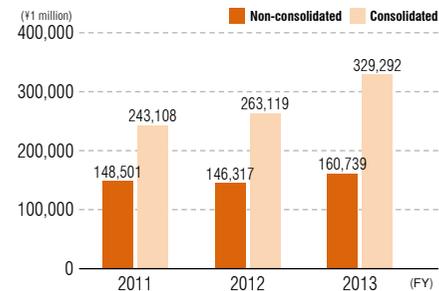
- ① Manufacture, sales, and export/import of automotive and other lamps
- ② Manufacture, sales, and export/import of semiconductors, electronic parts, and other electric devices
- ③ Manufacture, sales, and export/import of automotive electric parts and other automotive accessories
- ④ Manufacture, sales, and export/import of measuring, medical, and other instruments and equipment
- ⑤ Development and sales of software programs
- ⑥ Investment in various business projects
- ⑦ Business operations relating to the above items 1 through 6

Domestic Branches

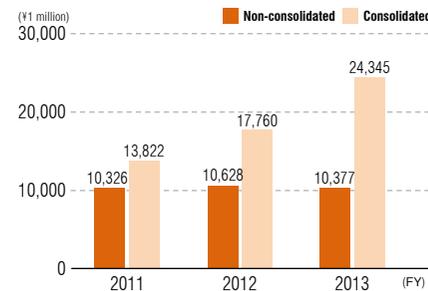
Head Office : (Meguro-ku, Tokyo)
Laboratories : Research and Development Laboratory (Yokohama), Tsukuba Research Laboratory, Utsunomiya Technical Center, Yokohama Technical Center, Opto Technical Center (Yokohama)
Branch offices : Osaka, Nagoya
Marketing offices : Omiya, Sayama, Suzuka, Sendai, Mizushima
Factories, etc. : Hatano, Okazaki, Hamamatsu, Hiroshima, Yamagata, Asaka, Iwaki, Tsuruoka, Iida

Summary of the Stanley Group

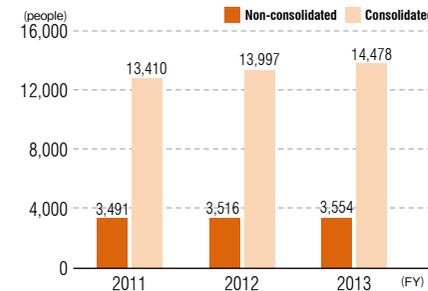
Changes in Sales



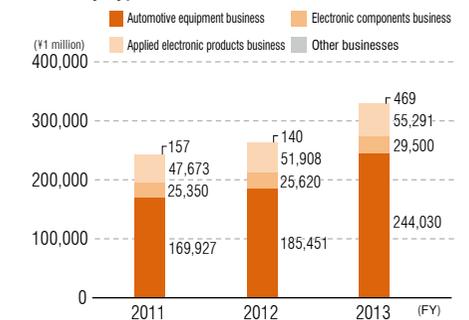
Changes in Net Profit

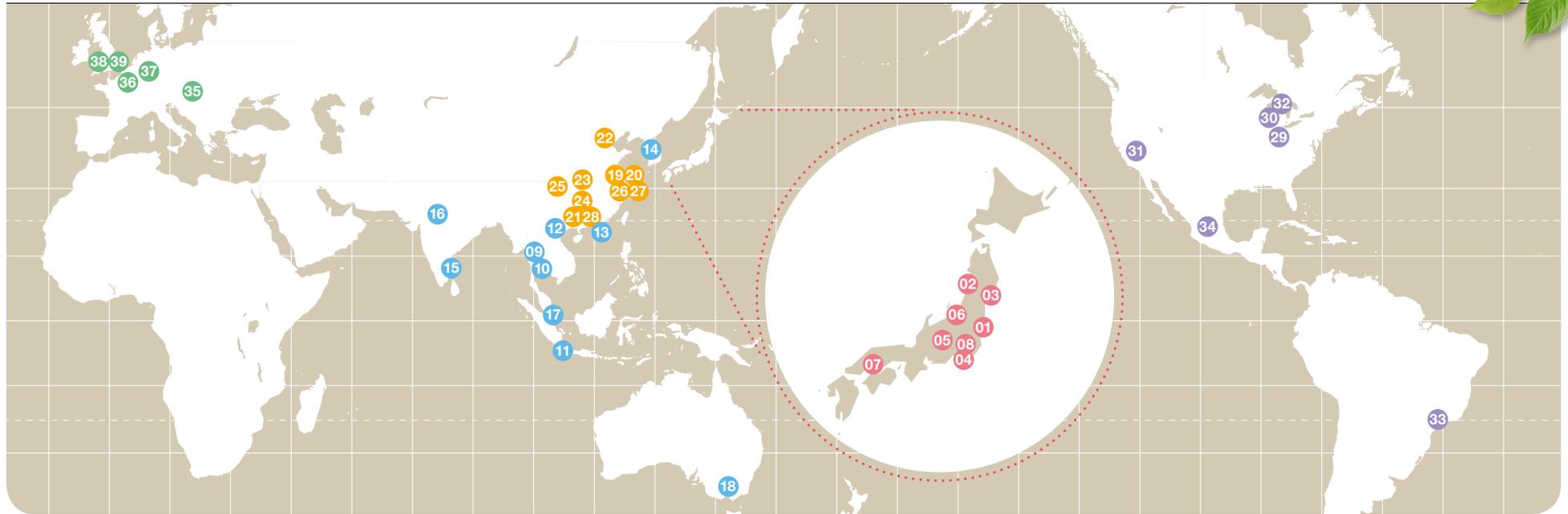


Changes in the Workforce



Changes in Consolidated Segment Sales by Type of Business





Introduction to the Stanley Group's Business

Major Affiliate Companies

Japan

- 01 Stanley Iwaki Works Co., Ltd.
- 02 Stanley Tsuruoka Works Co., Ltd.
- 03 Stanley Miyagi Works Co., Ltd.
- 04 Stanley Well Corp.
- 05 Stanley Ina Works Co., Ltd.
- 06 Stanley Niigata Works Co., Ltd.
- 07 Matsuo Electric Co., Ltd.
- 08 Stanley Pal Co., Ltd.

Asia and Oceania

- Thailand 09 Asian Stanley International Co., Ltd. (ASI)
- 10 Thai Stanley Electric Public Co., Ltd. (THS)
- Indonesia 11 PT. Indonesia Stanley Electric (ISE)
- Vietnam 12 Vietnam Stanley Electric Co., Ltd. (VNS)
- Hong Kong 13 Stanley Electric (Asia Pacific) Ltd. (SAP)
- Korea 14 Stanley Electric Korea Co., Ltd. (SEK)
- India 15 Stanley Electric Sales of India Pvt. Ltd. (SSI)
- 16 Lumax Industries Ltd. (LMX)
- Singapore 17 Stanley Electric Holding Asia-Pacific Pte. Ltd. (SEAP)
- Australia 18 Hella-Stanley Holding Pty Ltd. (HESA)

China

- 19 Suzhou Stanley Electric Co., Ltd. (SEZ)
- 20 Suzhou Stanley LED Lighting Technology Co., Ltd. (SLT)
- 21 Shenzhen Stanley Electric Co., Ltd. (SSZ)
- 22 Tianjin Stanley Electric Co., Ltd. (TSE)
- 23 Wuhan Stanley Electric Co., Ltd. (WSE)
- 24 Guangzhou Stanley Electric Co., Ltd. (GSE)
- 25 Chongqing Hua-yu Stanley Electric Co., Ltd. (CHS)
- 26 Shanghai Stanley Electric Co., Ltd. (SSE)
- 27 Stanley Electric (China) Investment Co., Ltd. (SECN)
- 28 Stanley Electric Trading (Shenzhen) Co., Ltd. (SST)

Americas

- U.S 29 Stanley Electric U.S. Co., Inc. (SUS)
- 30 I I Stanley Co., Inc. (IIS)
- 31 Stanley Electric Sales of America, Inc. (SSA)
- 32 Stanley Electric Holding of America, Inc. (SEAM)
- Brazil 33 Stanley Electric do Brasil Ltda. (SEB)
- Mexico 34 Stanley Electric Mexico S.A. de C.V. (SEM)

Europe

- Hungary 35 Stanley Electric Hungary Kft. (SEH)
- France 36 STANLEY-IDESS S. A. S. (SID)
- Germany 37 Stanley Electric GmbH (SED)
- England 38 Stanley Electric (U.K.) Co., Ltd. (SEU)
- 39 Stanley Electric Holding Europe Co., Ltd. (SEEU)



Introduction to the Stanley Group's Business: Main Products

Stanley's Lights Create New Possibilities

A Automotive equipment business

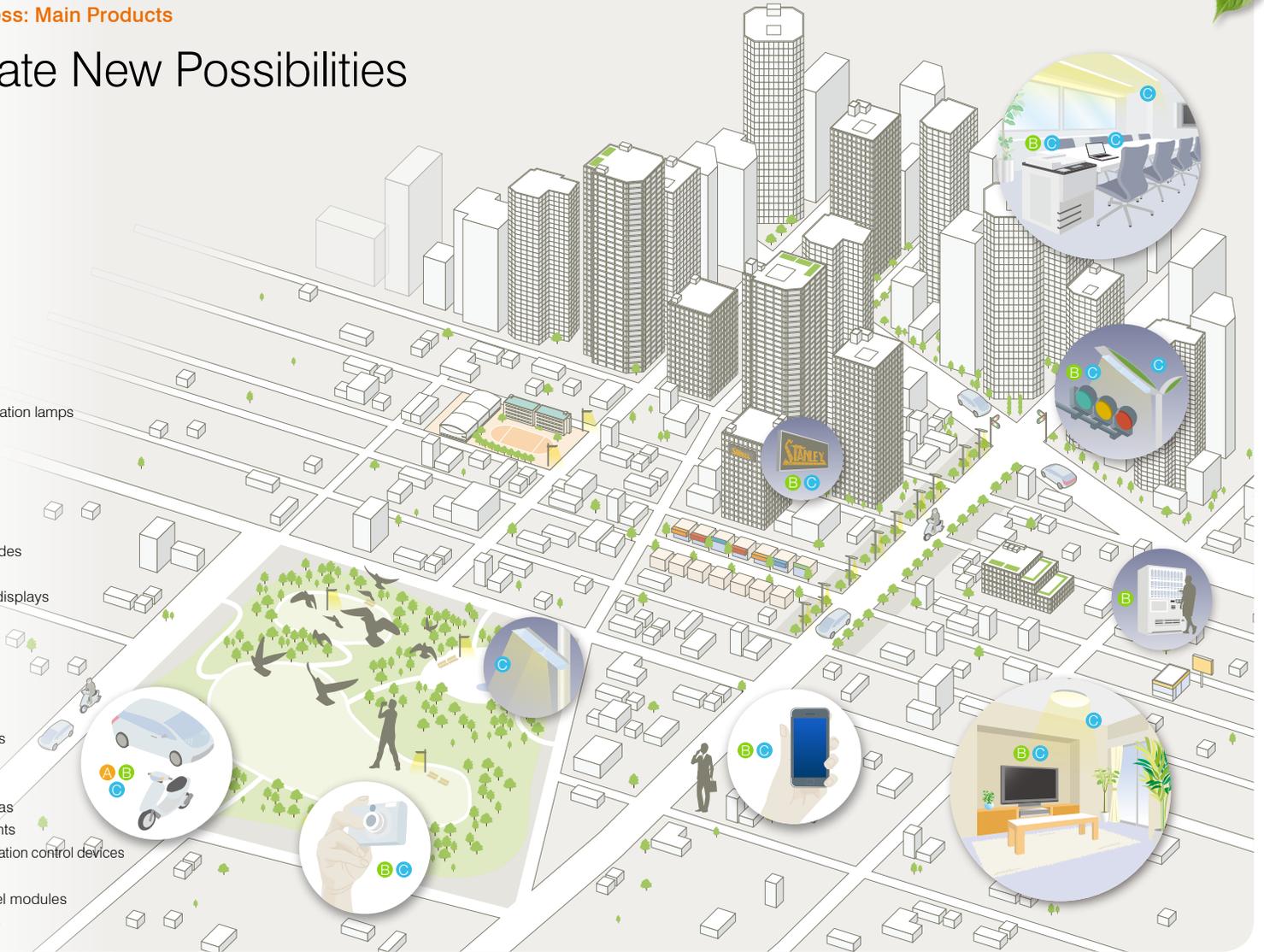
- | | |
|-------------------------------|---------------------------------|
| Customized-shape headlamps | Hyper bulbs |
| AFS headlamps | Halogen fog lamps |
| HID headlamps | HID fog lamps |
| LED headlamps | LED fog lamps |
| Halogen headlamps | Rear fog lamps |
| Turn lamps | Back-up lamps |
| Rear combination lamps | LED room lamps |
| LED rear combination lamps | Corner poles |
| Reflex reflectors | HID-related products |
| High mount stop lamps | Dress-up headlamps |
| Other signal/indication lamps | Dress-up rear combination lamps |
| Automotive bulbs | LED bulbs |
| Hyper halogen | |

B Electronic components business

- | | |
|---------------------------------------|-------------------------------|
| Liquid crystal display elements (LCD) | Silicon PIN photo diodes |
| Liquid crystal displays | Optical sensors |
| Light emitting diodes (LED) | Light emitting diode displays |
| Infrared light emitting diodes | Sub miniature lamps |
| Photodetector | Special bulbs |

C Applied electronic products business

- | | |
|-----------------------------------------|--------------------------------------------|
| Operating panels | Center panel modules |
| LED print heads | HID lighting devices |
| Erasers | LED lighting devices |
| Substrate assemblies | Flash units for cameras |
| Backlighting units for LCDs | Cell phone strobe lights |
| Sub miniature bulb application products | Micro computer application control devices |
| Air conditioner control panels | Traffic signal lamps |
| Various control systems | LED information panel modules |
| Headlamp cleaners | LED lighting modules |
| Sensors | LED street lights |





– Highlights of Our Environmental Activities in FY 2013 –
Creating Value from Light and Illuminating a Bright Future

Here we will report on the new environmental activities that the Stanley Group has been working on, as well as activities that are worth taking note of.



The first LED headlamps equipped on a domestic motorcycle!

Conserving Energy while Achieving the World's Smallest Design Size



We were the first to have our LED headlamps equipped on a domestic motorcycle with the Z1000 (Kawasaki Heavy Industries, Ltd.). Adopting LED headlamps led to reducing the environmental impact through such measures as power consumption and the frequency with which the lamps have to be replaced. What is more, by establishing the world's smallest design with our product we improved design freedom, while also achieving a form that abounds with a sense of dynamism that aligns with the design theme of "Sugomi."

▶ See Page 23 for details

Our LED headlamps were the first to be equipped on a domestic motorcycle!



Recreating "moonlight" through LED lighting
 Achieving Energy Conservation at the Kabuki-Za Theater

LED floodlights that we developed have been adopted at the newly opened Kabuki-Za Theater. Our latest LED floodlights use the same optical technology as our automotive headlamps that elicit the maximum in light use efficiency. We have achieved a new landmark in energy conservation.

Through our ultra-narrow angle light distribution technology, the light from the LED floodlights illuminating the rooftop from a height of 130m aboveground from the top floor of the tower behind the Kabuki-Za Theater recreates "moonlight" to achieve a groundbreaking lighting effect.



High power, ultra narrow angle LED floodlight

Clients: Shochiku Co., Ltd.
 Kabuki-Za Co., Ltd.

Exterior lighting design:
 Motoko Ishii / Akari-Lisa Ishii +
 Motoko Ishii Lighting Design Inc.





—Highlights of Our Environmental Activities in FY 2013—

Creating Value from Light and Illuminating a Bright Future



SIM-CEL: SIM-Drive Corporation's third EV prototype

Improved Safety and Reduced Size and Weight with Laser Headlamps

We developed headlamps that use a laser excitation light source* for and equipped them on SIM-CEL, the third electric vehicle prototype announced by SIM-Drive Corporation. Compared to headlamps with just LED modules, these headlamps amplify the distance of visual cognition by 1.5-times, thereby further improving safety. What is more, the laser excitation light source has a luminance that is roughly 2.5-times greater than that of LEDs and a light emitting area that is 1/10 theirs, which is effective for reducing both the size and weight of the headlamps.



* This produces white light based on laser beams

SIM-CEL: World's first laser headlamp!



Views

Equipping vehicles with next-generation light source lamps through Stanley's technical prowess

Takuya Kitazono
Research and Development Department



We have engaged in development through the combined efforts of everyone concerned in being the first in the world to set our sights on such tall challenges. Using lasers, for which there are high hopes that they will serve as the next light source after LEDs, has been effective at improving safety and reducing both size and weight. By harnessing our know-how from recently equipping them on the SIM-CEL, we will continue to work towards entering them into mass production.



Illuminating communities with a "reassuring light"

LED Crime Prevention Lights that Ensure Brightness while Reducing Glare

These are LED crime prevention lights that guarantee a bright road surface via a wide light distribution while taking into consideration the glare for both pedestrians and cars. This was achieved through the strong durability cultivated on our automotive lighting units, as well as our own proprietary optical technology.

Compared to conventional 20W fluorescent lights, these lights have a life span that is roughly seven-times longer and reduce power consumption by approximately 64%. They provide a "reassuring light" that contributes to crime prevention and the environment in local communities.



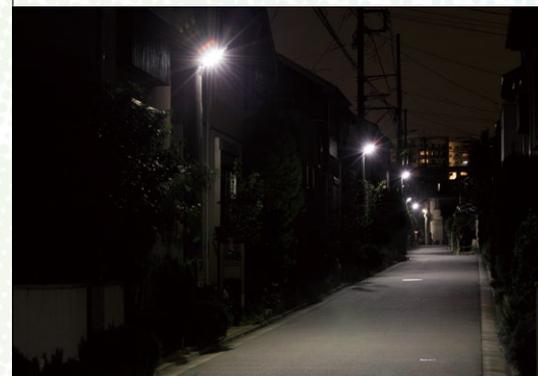
Views

One of our unique features is our proprietary optical design capable of delivering light over great distances

Yosuke Mizuki
Design Department



I oversaw the design of our LED crime prevention lights with a built-in luminance sensor (automatic ON/OFF function), which represented a first for Stanley. Via a lens design that disseminates light uniformly across the road surface the lights achieve Class B standards for crime prevention lighting illumination while still offering low power consumption. We have been meticulous about the concept of design for the environment, and have also made efforts to reduce their weight by 300g from the initial design. Moving forward we will continue to work on designing products that are environmentally friendly.



Lights installed in Zama City, Kanagawa Prefecture



—Highlights of Our Environmental Activities in FY 2013—

Creating Value from Light and Illuminating a Bright Future



Achieving energy conservation and reductions in air conditioning cooling loads

Installing Heat Pumps on Our Production Equipment



We have been promoting the adoption of equipment with outstanding energy efficiency in an effort to conserve energy with our production equipment. FY 2013 was the first year in which the Stanley Group installed heat pumps on our production equipment. We changed over from heating the washing water with an electric heater to doing it via heat pumps that have roughly three-times their heating efficiency, thereby saving energy in heating the washing water. This has also allowed us to reduce the air conditioning cooling load by emitting cold exhaust air inside the plant.

► See Page 21 for details

◀ Views

Striving to conserve energy by using heat pumps in collaboration with our plants

Koki Takata
Administrative Department



Heat pumps are a representative means of conserving energy with air conditioning, and recently the technology for adopting heat pumps in place of the electric heaters used in heating processes within manufacturing processes have been spreading. Using these makes it possible to achieve enormous energy savings within manufacturing processes and has been conducive to reducing CO₂ and cutting costs.

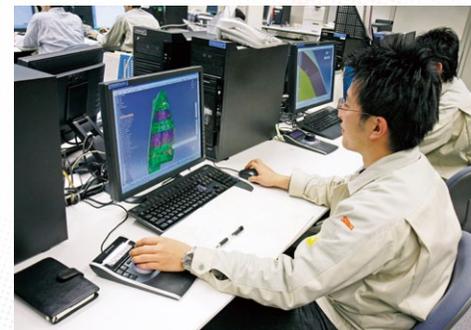


Applying our guidelines to our full range of product design

Promoting Design for the Environment

In order to promote the manufacture of products designed for the environment from the design stages onwards, Stanley Electric has enacted the Design for Environment Guidelines. By applying these guidelines to the full range of our product design we are working on developing products that are environmentally friendly.

► See Page 24 for details



Thinking about the importance of environmental conservation

Holding an Environmental Painting Contest

The Stanley Group (in Japan) held its first ever Environmental Painting Contest as a measure to raise environmental awareness among the families of our employees. This is a contest that was held for the families (elementary school students) of employees that gathered together outstanding works befitting the theme of "Eco Actions that I Can Take," and six paintings were given awards. The contest deepened the interest of employees and their families in the environment, while also serving as an excellent opportunity to consider the importance of environmental conservation.

◀ Views

We've increased conversation about the environment!

Megumi Inomata
Administrative Department



Getting people to participate in the contest has increased conversations about the environment among families, and has instilled in them the habit of being constantly aware of eco actions that each individual can take. When we announced that we would solicit works on the theme of "Carefully Using the Water We Love" at elementary schools, water conservation became a topic of conversation among the classes as well.





Environmental Management

Stanley Group Vision

In April 2000 the Stanley Group enacted the Stanley Group Vision, which establishes our basic values, the significance of our role in society, and our lasting mission in aiming for a sustainable society. In realizing the vision, it is essential to collaborate and cooperate with many stakeholders while sharing values, and by sharing the vision with the entire group we fully exploit the total power of the group, thereby addressing the challenge of creating a sustainable society through business activities.

Environmental Management

With our business base in manufacturing with a mastery of the boundless possibilities of light under the Stanley Group Vision, the Stanley Group provides products considered necessary by society while promoting environmental management designed to pass on the immeasurably rich and momentous blessings of our Earth to the next generation in a healthy state.

Stanley Group Vision





Basic Stance on Environmental Management

Under the Stanley Group Vision we have enacted our Basic Environmental Philosophy, Environmental Proclamation, and Environmental Policies, through which we are proactively working to address environmental conservation.

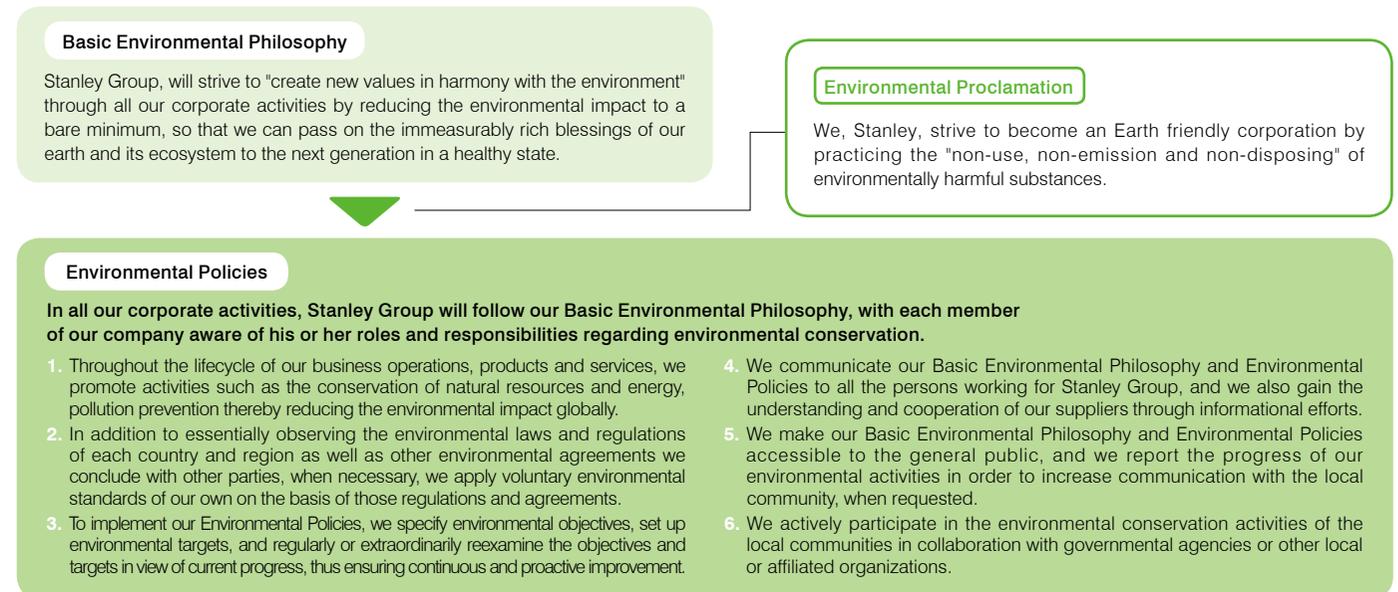
The Stanley Group seeks to reduce its environmental impact and aspires to achieve both environmental protection and economic development.



Underlying Concepts of Ecological Activities

Under our Basic Environmental Philosophy, the Stanley Group aims for the sustainable development of society and business as it works towards the conservation of the Earth's environment. Curbing emissions of greenhouse gases to prevent global warming, resource conservation activities that aim for a recycling-oriented society, curbing emissions of harmful chemical substances, and the development of environmentally friendly products are among the activities that we promote.

Fourteen years have gone by since our Basic Environmental Philosophy and Environmental Policies were formulated, and so we revised these in May 2013 in order to respond to the changing environments both within and outside of the company. We are working to address environmental protection in an ongoing manner by getting everyone who is involved with the Stanley Group to soundly understand our new Basic Environmental Philosophy and put our Environmental Policies into practice.





Environmental Long-Term Management Plan



In order to achieve the sustainable development of society and business, we have formulated an Environmental Long-Term Management Plan (April 2010 to March 2020) in order to promote environmental management, and are working to address environmental challenges such as the prevention of global warming.



The Stanley Group's Second Environmental Long-Term Management Plan

	Phase IV Environmental Mid-Term Management Plan (April 2010 to March 2014)	Phase V Environmental Mid-Term Management Plan (April 2014 to March 2017)	Phase VI Environmental Mid-Term Management Plan (April 2017 to March 2020)
Second Environmental Long-Term Management Plan	Achieve sustainable development for society and business/carry out manufacturing that contributes to the Earth's environment to achieve both social contribution and profit creation.		
	Create a foundation for environmental management	Promote environmental management and start expanding it globally	Promote the global expansion of environmental management
Strengthening initiatives for our Environmental Management System	Regulate a global Environmental Management System (EMS)		
	Domestic: Improve the efficiency of operation through EMS integration	Strengthen the regulated EMS activities	Promote self-sufficient EMS activities at each base
	Overseas: Prepare for global EMS integration	Promote global EMS	Promote self-sufficient EMS activities globally
Initiatives for environmental regulations	Continue complying with regulations related to business activities		
Design for Environment	Offer products designed for the environment that will contribute to the Earth's environment (continuously)		
Prevention of global warming	Promote the prevention of global warming / reduce greenhouse gas emissions through business processes		
	Domestic: Reductions of 1% a year or more relative to FY 2009 in basic added value units	Overseas: Reductions of 1% a year or more relative to FY 2013 in basic added value units	
	<Distribution region> Reductions of 1% a year or more relative to FY 2009 in sales cost units	<Distribution region> Reductions of 1% a year or more relative to FY 2012 in sales cost units	
Resource recycling / waste reduction	Deploy and strive for activities that do not generate waste globally Continue with zero emissions		
	Reduce waste - Reductions of 1% a year or more relative to FY 2009 in basic added value units	Reduce waste - Reductions of 1% a year or more relative to FY 2012 in basic added value units	
Prevention of pollution / product environment	Completely eliminate environmental accidents by thoroughly ensuring that no substances of environmental concern are used		
	Strengthen management foundations to accommodate global expansion	Continue with zero environmental defects	
Initiatives for biodiversity	Actively contribute to regional ecosystem protection activities		

* In 2013 we revised our Environmental Long-Term Management Plan so that Phase V started from April 2014.



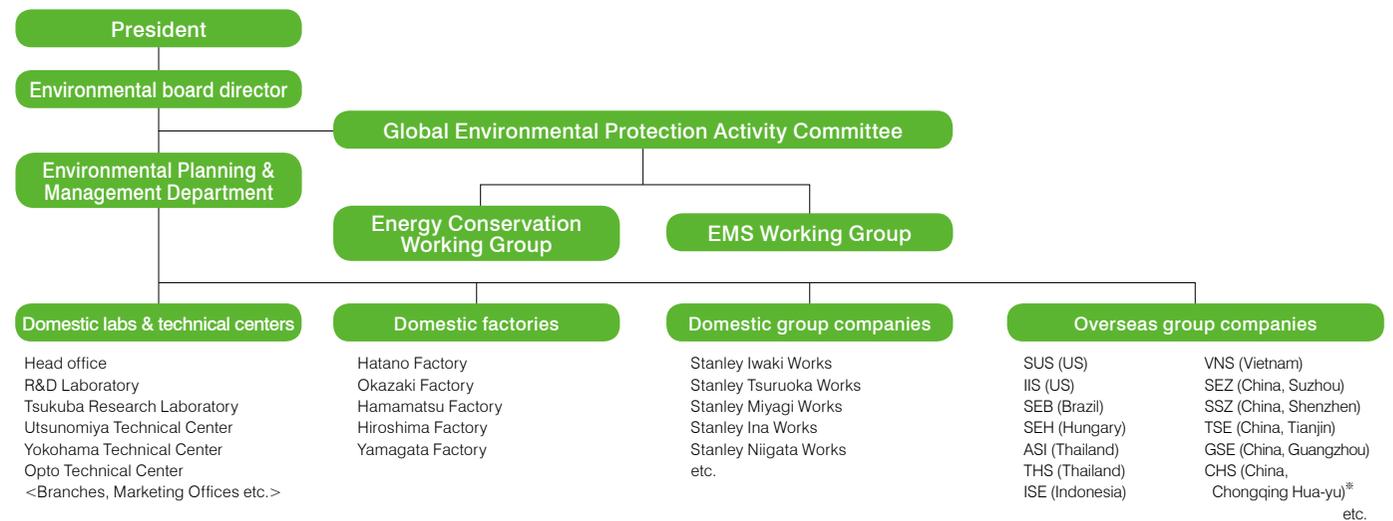
Environmental Management System

The Stanley Group has erected an environmental management system based upon ISO 14001 international standards and promotes environmental improvement activities across the group as a whole. Furthermore, we have erected an environmental management structure in order to implement our Environmental Long-Term Management Plan, which is grounded in our environmental policies.



Environmental Management Structure

We have created an environmental management structure with an environmental board director as its highest officer under the president. What is more, we have set up the Environmental Planning & Management Department as a department to promote environmental management, and we work to ensure administrative control. In FY 2013 we established a Global Environmental Protection Activity Committee in order to oversee environmental activities for the entire group which in the past comprised of a structure that separated out our sites in Japan and those that were overseas. Under this new structure we are promoting environmental activities through the combined efforts of the group as a whole.



※Branches that have yet to acquire ISO14001 certification. These are the informal names of our overseas group companies. See P04 for their official names.

Global Environmental Protection Activity Committee	Discusses environmental strategies and regulatory affairs from a global standpoint; optimizes and maintains the environmental management system to realize the Basic Environmental Philosophy and the Environmental Policies.
Energy Conservation Working Group	Facilitates energy conservation by drafting and promoting policies related to the Stanley Group's energy management.
EMS Working Group	Optimizes and makes continuous improvements to environmental management systems with a view towards galvanizing and increasing the efficiency of environmental activities and strengthening monitoring functions.
Environmental Planning & Management Department	Advances the environmental management system of the whole Stanley Group, including domestic and overseas subsidiaries, and works to plan and undertake administrative control for the full spectrum of our environmental activities.



Environmental Education

We provide environmental education divided into the categories of training according to personnel position and job type, training according to occupational abilities (strategic education) such as certification education for internal environmental auditors, and training according to occupational abilities (function segmented education) which is aimed at employees engaged in operations related to the environment.

Trainings by personnel position, job type
<p>New manager training Management of environment related laws and regulations and our environmental challenges</p> <p>New supervisors training General environmental knowledge and awareness, and environment al knowledge pertaining to environment-related laws and regulations and duties as a supervisor</p> <p>Mid-career recruits trainings General environmental knowledge and awareness, and environmental knowledge pertaining to duties</p> <p>New recruits training General environmental knowledge and awareness required of employees as members of society</p>
Trainings by work skill (strategic education)
<p>Qualification training for inhouse environmental auditors & auditor candidates Understanding of ISO 14001 requirements</p> <p>Skill-up training for inhouse environmental auditors Understanding of environmental regulations & auditing expertise for sustained environmental improvements</p> <p>Train substances of environmental concern investigation instructors Gaining of skills to analyze and detect substances of environmental concern in products</p>
Trainings by work skill (functional education)
<p>EMS education & training</p> <ul style="list-style-type: none"> ● Education based on the divisional education plan ● Seminars outside the company ● Jobs relating to education/training <ul style="list-style-type: none"> Jobs with the potential to cause a considerable environmental impact ● Education relating to awareness (policies, objectives, emergency actions, etc.) <ul style="list-style-type: none"> Subject to all employees, outside personnel working at Stanley, personnel of commissioned agents ● Education & training for qualification <ul style="list-style-type: none"> Jobs that have a considerable environmental impact (i.e. designated environmental jobs)

Environmental Management Auditing

We consider Environmental Management System (EMS) auditing to be essential for the sake of continuously improving the EMS. Stanley Electric and Stanley Group companies in Japan conduct auditing through internal environmental auditors, as well as external audits through third party certifying agencies.

Internal Environmental Audits

Striving to maintain and improve our level of environmental management

We carry out internal environmental audits by forming independent in-house auditor teams comprised of internal environmental auditors who have been certified internally. In addition, audits by the environmental management supervisors at each base are implemented on a reciprocal basis to promote the maintenance and improvement of the EMS level at each base.

External Audits

Checking to confirm whether corrections are needed through annual external audits

Stanley Electric Co., Ltd., which includes group companies in Japan, undergoes external audits regularly once per year, as well as renewal inspections once every three years, through third party certifying agencies. Upon undergoing a renewal inspection in FY 2013 improvements were pointed out with respect to two cases of compliance evaluations, including our waste management methods and regulations, for which we have finished making corrections.



Environmental Risk Management

Initiatives for Environmental Risk Management

Observing domestic and foreign regulations and promoting the reduction and elimination of harmful chemical substances

We observe all domestic and foreign environmental regulations, and work to reduce and eliminate harmful chemical substances (substances which are contained in products and those which are used during their manufacture). One such initiative is to carry out development, design, and purchasing management for products that do not contain harmful chemical substances on the basis of a list of substances of environmental concern.

With regard to regulations and controls, we are promoting compliance with the PRTR Law and the revised Law concerning the Rational Use of Energy, as well as the Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and others. To prevent environmental accidents in advance, we have instituted environmental patrols and checks during internal environmental audits.

We are working to reduce our emissions of greenhouse gases, which are a global environmental problem, through our supply chain. We have established provisions in our Green Procurement Guidelines and are promoting cooperation with our suppliers to achieve this.

Management of Substances of Environmental Concern

Switching from substances subject to authorization under the REACH Regulations to alternate materials

From the standpoint of protecting the Earth's environment, regulatory structures for chemical substances have been growing stricter around the world and managing such substances is of enormous importance. The Stanley Group promotes the manufacture of products that do not contain harmful chemical substances through the following initiatives.

For FY 2013 we have made progress with selecting an alternative material for a component containing specified phthalate ester plasticizer, which is a substance subject to authorization under the REACH Regulations, and switching over to it. For FY 2014 we will continue to promote the switch over to alternative materials.

Internal Structure for Managing Information on Substances of Environmental Concern

- **Promoting the Development of Design for the Environment through the Use of a Database of Substances of Environmental Concern**

We meticulously collect and confirm information on the substances of environmental concern contained in the parts and raw materials that make up our products with the understanding and cooperation of our suppliers. Moreover, by recording this information on the substances of environmental concern to an internal database and sharing this we make efforts to select components that do not contain such harmful chemical substances, while also working to design and develop environmentally conscious products.

- **Establish and Strengthen a Structure for Managing Substances of Environmental Concern**

We periodically carry out audits on our structure for managing substances of environmental concern at our production bases in Japan and overseas and promote initiatives to strengthen this.



Environmental Risk Management



Structure for Managing Information on Substances of Environmental Concern/ Reducing Emissions of Greenhouse Gases through Our Supply Chain

The Stanley Group is actively engaged in procuring environmentally conscious materials (hereinafter referred to as "green procurement"), in close collaboration with our suppliers in order to make progress towards minimizing substances of environmental concern.

All around the world there are demands for companies to determine and reduce their emissions of greenhouse gases (GHG) across the entirety of their supply chains. Moreover, the Stanley Group has established provisions in our Green Procurement Guidelines and works to strengthen coordination with our suppliers in the aim of taking initiatives through our supply chain.

We have issued Green Procurement Guidelines for the Stanley Group to clearly lay out our philosophy on green procurement.

● Our Philosophy for Green Procurement

1. We purchase parts and materials from suppliers that promote environmental protection activities.
2. We purchase raw materials/parts/products with less substances of environmental concern.
3. We strive to determine and reduce the amount of greenhouse gas (GHG) emissions.

● Green Procurement Standard

1. We evaluate suppliers' environmental initiatives, environmental policies, and management systems, and we deal with highly evaluated suppliers on a priority basis.
2. We do not procure parts or materials that contain the substances that we have prohibited, and we try to reduce the use of the substances that we have designated.
3. We promote the 3Rs (reduce, reuse, and recycle) and procure parts and materials that generate less waste.
4. We promote the recycling and reduction of packaging materials.
5. We take energy saving into consideration when purchasing parts and materials.
6. We strive to increase procurement from the suppliers who have agreed to reduce GHG emissions from the perspective of product life cycle.

Green Procurement Policies

Holding yearly meetings to explain our purchasing policies

In order to continue to further strengthen and promote environmental initiatives and green procurement, we hold yearly meetings to explain our purchasing policies to our major suppliers, while also asking for their cooperation mainly with regard to the following points.



- Assurance that purchased items do not contain substances banned by laws or regulations
- Acquisition of accreditation as our eco-partners





Environmental Risk Management



PRTR Substances

Emissions of PRTR Substances increased YOY, while the amount transferred decreased

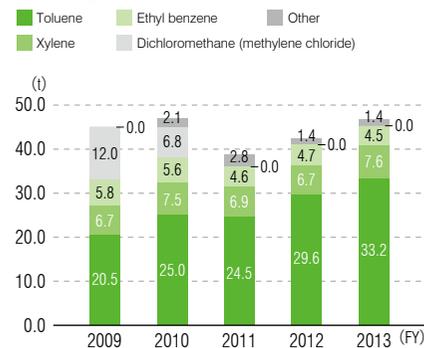
Pursuant to the PRTR Law, we determine the emissions and transfer of chemical substances which are subject to said law.

In FY 2013 our emissions and amount transferred came to 46.7t (an increase of 10.1% YOY) and 14.8t (a decrease of 11.9% YOY), respectively.

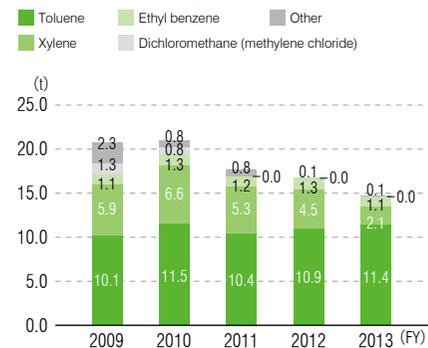
Records of PRTR-designated Class 1 Chemicals (Data from Notifying Factories)

	Objective	FY2009	FY2010	FY2011	FY2012	FY2013
Emissions	Atmospheric emissions	45.0t	47.0t	38.8t	42.4t	46.7t
	Emissions into public water systems	0.0t	0.0t	0.0t	0.0t	0.0t
	Emissions into the soil on premises	0.0t	0.0t	0.0t	0.0t	0.0t
	Landfill disposal on premises	0.0t	0.0t	0.0t	0.0t	0.0t
	Total emissions	45.0t	47.0t	38.8t	42.4t	46.7t
Amount transferred	Transfer to sewage	0.0t	0.0t	0.0t	0.0t	0.0t
	Transfer to outside	20.8t	21.0t	17.7t	16.8t	14.8t
	Total amount transferred	20.8t	21.0t	17.7t	16.8t	14.8t

Changes in Emissions by Type of Substance Requiring Notification under PRTR



Changes in the Amount Transferred by Type of Substance Requiring Notification under PRTR



Management of Polychlorinated Biphenyl (PCB)

In FY 2013 we finished treating six pieces of equipment

We promote rigorous storage, control, and treatment of PCB pursuant to the Special Measures Law for the Proper Treatment of Polychlorinated Biphenyl Wastes.

In FY 2013 we finished treating one transformer, three high-voltage capacitors, and two high-voltage phase advance capacitors, with the equipment stored as a result of this listed on the right. We have already finished registering the treatment of PCB wastes for these, and will treat them in sequence.

Equipment	No. of units
High-voltage transformer	4
Transformer	0
High-voltage capacitor	5
High-voltage phase advance capacitor	5
Low-voltage capacitor	1,145
Lighting capacitor	19
Mercury lamp stabilizer	29
Phosphorescent lamp stabilizer	874
Total	2,081

Soil Contamination Surveys

Surveys were carried out in four locations, from which it was confirmed that there was no contamination

The survey results for FY 2013 are listed below.

Branch	Survey results
Hatano Factory	A survey that preceded construction work on an extra high voltage transformer station in FY 2012 detected cadmium in excess of standard levels, and so measures to prevent rainfall infiltration were taken. In FY 2013 permanent measures were taken by means of replacing the soil, and it has been confirmed that there has been no contamination of the groundwater.
Okazaki Factory	We performed a voluntary survey prior to the replacement work of molding machines that confirmed that there was no soil contamination
Soya Office	We performed a voluntary survey as a result of the sale of the office that confirmed that there was no soil contamination
Matsuo Electric	We performed a voluntary survey at 30 locations on the premises that confirmed that there was no soil contamination



Environmental Risk Management

Responding to Complaints

We respond to complaints so that we may continue to peacefully coexist with local communities.

The complaints we received from neighboring areas in FY 2013 are listed below, to which we provided prompt responses.

Branch	Period complaint arose (period countermeasures were taken)	Details of the complaint	Details of the countermeasures
Hiroshima Factory	August 2013 (September 2013)	Complaint about the buzzer sounds from forklifts on the premises and the noise when trash is disposed of, as well as etiquette over this	<ul style="list-style-type: none"> We reduced the buzzer volume We gave thorough instructions for trash disposal
Hatano Factory	November 2013 (January 2014)	The noise from vehicles in the vicinity around the employee parking lot	<ul style="list-style-type: none"> It came to light that this was due to conduct by outside people We have our security guards perform patrols at night We raise awareness via the factory's newsletter

Compliance Status with Laws and Ordinances

We finished removing air-borne asbestos

The Stanley Group has established monitoring and measurement items for environment-related laws and ordinances, and periodically verifies our compliance status.

The Ordinance on Prevention of Health Impairment due to Asbestos in the Industrial Safety and Health Act was enacted in July 2005, which resulted in an across-the-board ban on the use of asbestos products. The Stanley Group has performed surveys on the state of their use here and has taken countermeasures against them. In FY 2012 we once again performed surveys on the usage status of asbestos in all of our buildings and facilities in order to properly dispose of said asbestos. Based on the results of this, since FY 2012 we have been moving ahead with removing asbestos in a systematic manner, and during FY 2013 we finished removing air-borne asbestos except for in one area.

(We plan to fully complete this in the summer of 2014)

Environment-related Awards

Initiatives at our Hiroshima Factory and head office were appraised

At the Stanley Group, for the sake of environmental risk management we undertake various initiatives to prevent environmental accidents at each of our offices and to reduce our impact on the environment.

In FY 2013 our day-to-day activities were commended by relevant agencies as described below.

Commendations for Our Activities in FY 2013

● Hiroshima Factory

The employee who has been appointed as the Safety Inspector for Hazardous Materials at our Hiroshima Factory was commended by the Hiroshima Association for Safety of Hazardous Materials. He won this award as a result of his day-to-day organizing and neat arrangement of the hazardous materials within the warehouse, as well as thoroughly managing the proportions of the designated quantities of the hazardous materials handled. This same employee was commended as an "Excellent Hazardous Materials Handler" by the Higashi Hiroshima Association for Safety of Hazardous Materials of Higashi Hiroshima City in FY 2012.

◀ Views

Giving forethought to both safety and the environment

Yuya Shiraishi
Manufacturing Department



We manage hazardous materials with the cooperation of the concerned parties in each work area, and this recent commendation came thanks to the cooperation of everyone involved. When installing and remodeling facilities, we are resolved to reduce or entirely abstain from using solvents, and aim to reduce not only fire risks but also our impact on the environment. We will continue to pursue still-greater safety and work to train successors so that our office is commended in the future as well.

● Head Office

The new corporate offices of our head office were selected for the JIA Architects of the Year 2013 award, which is hosted by the Japan Institute of Architects (JIA). The JIA commended Plantec Architects Inc. and Takenaka Corporation, which were both involved with the design. The office features solar power, uses rainwater, and adopts natural lighting and natural ventilation systems as ways of using natural energy. What is more, the office incorporated a variety of environmental measures that include adopting our own LED lights for all of the lighting and using natural materials, for which it acquired a Class S rating (which is the highest class) from CASBEE.





Environmental Performance

The Stanley Group promotes a variety of different initiatives for the prevention of global warming and the like. We consider it important to continue accurately determining and evaluating the impact on the environment from our business activities and the results of our countermeasures to this as our environmental performance, and work to address this in order to continue to effectively advance our environmental activities.

Results of Activities from FY 2013

The Stanley Group's major targets for FY 2013 and their achievement status are listed below. In addition to activities to reduce our environmental impact, we also take opportunities such as Environment Month and including environmental information in our internal newsletter to proactively provide education designed to encourage a raised awareness of the environment.

Item	Status		
Initiatives for environmental regulations	Target	Continue complying with regulations related to business activities	○
	Actual performance	Continue complying with regulations related to the environment	
Design for Environment	Target	Offer products designed for the environment that will contribute to the Earth's environment (continuously)	○
	Actual performance	100% implementation of designs for the environment checklists Provide training for design-related departments	
Prevention of global warming	Target	Basic added value units of CO ₂ : 80.6t-CO ₂ /1 billion yen or less (reduction of 4% or greater relative to FY 2009)	○
	Actual performance	Basic added value units of CO ₂ : 79.3t-CO ₂ /1 billion yen (reduction of 5.5% relative to FY 2009)	
	Target	Distribution region Sales cost units: 0.33GJ/1 million yen or less (reduction of 1% or greater relative to FY 2012)	
	Actual performance	Sales cost units: 0.33GJ/1 million yen or less (reduction of 1% relative to FY 2012)	
Resource recycling / waste reduction	Target	Basic added value units: 5.68t/1 billion yen or less (reduction of 1% or greater relative to FY 2012)	○
	Actual performance	Basic added value units: 5.34t/1 billion yen (reduction of 7.0% relative to FY 2012)	
	Target	Continue with zero emissions (landfill disposal rate of 1% or less)	
	Actual performance	Continue with zero emissions (landfill disposal rate of 0.21%)	
Prevention of pollution / product environment	Target	Continue with zero environmental defects Reduce the amount of chemical substances used	○
	Actual performance	We verify the content of substances of environmental concern through x-ray fluorescence inspections and other means to continue with zero environmental accidents This is performed at eight of our factories, and we are reducing xylene by employing xylene substitutes	
Initiatives for biodiversity	Target	Contribute to regional ecosystem protection activities	○
	Actual performance	Institute social contribution activities and volunteer activities	

Environmental Protection Effects (Quantities)

We achieved five out of six items in FY 2013

Taking FY 2009 as our baseline fiscal year, we evaluate the environmental protection effects (quantities) for each fiscal year via relative values against our sales.

The evaluation results for INPUTS and OUTPUTS in FY 2013 revealed that we achieved all of the items with the exception of the amount of landfill.

Evaluation item		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	
Non-consolidated sales (¥ million)		145,737	150,456	148,501	146,317	160,739	
Sales ratio to reference year (1)		1	1.032	1.019	1.004	1.103	
INPUT	Power consumption (1,000kWh)	Actual result	141,617	151,041	145,988	139,233	143,209
		Correction value	—	146,149	144,308	142,183	156,204
		E. protection effect	—	4,892	1,680	-2,950	-12,995
		Evaluation	—	×	×	○	○
	Water consumption (1,000m ³)	Actual result	440	465	452	413	388
		Correction value	—	454	448	442	485
E. protection effect		—	11	4	-29	-97	
Evaluation		—	×	×	○	○	
OUTPUT	CO ₂ emissions (t-CO ₂)	Actual result	54,500	58,780	56,406	53,523	54,892
		Correction value	—	56,244	55,536	54,718	60,114
		E. protection effect	—	2,536	870	-1,195	-5,222
		Evaluation	—	×	×	○	○
	Total waste generated (t)	Actual result	3,992	4,210	3,904	3,841	3,902
		Correction value	—	4,120	4,068	4,008	4,403
		E. protection effect	—	90	-164	-167	-501
		Evaluation	—	×	○	○	○
	Amount recycled (t)	Actual result	3,969	4,153	3,889	3,832	3,878
		Recycling rate (2)	99.40%	—	—	—	—
		Correction value	—	4,185	3,881	3,818	3,878
		E. protection effect	—	-32	8	14	0
Evaluation	—	×	○	○	○		
Amount of landfill (t)	Actual result	8	6	4	9	8	
	Landfill disposal rate (3)	0.19%	—	—	—	—	
	Correction value	—	8	7	7	7	
	E. protection effect	—	-2	-3	2	1	
	Evaluation	—	○	○	×	×	

Evaluation: A circle has been placed here if this has improved, or an X if it has deteriorated.
Corrected values = Result in reference year × Sales ratio to reference year (1)

The amount recycled and the amount of landfill have been corrected as described below
Amount recycled corrected value = Recycling rate (2) × Total waste generated in said FY
Amount of landfill corrected value = Landfill disposal rate (3) × Total waste generated in said FY



The Environmental Impact of our Business Activities

The major INPUT items for the environmental impact accompanying our business activities are the use of raw materials, energy, water, chemical substances, and vehicle fuel. Conversely, the OUTPUT items include CO₂ gas, NO_x, and SO_x for the atmosphere, while the impacts in water environments include biochemical oxygen demand (BOD) and chemical oxygen demand (COD). This also includes factors like emissions of waste and chemical substances.

We quantitatively determine the environmental impacts from these and carry out the conservation of resources and energy, as well as measures to reduce emissions of waste and chemical substances.

Environmental Impact of Our Business Activities in FY 2013 (Data for Domestic Branches)

INPUT

Raw Materials

Resin materials	25,778 t	(-1.2%)
Coating materials	425 t	(5.5%)
Glass	151 t	(9.4%)

Energy

Electricity	143,209,000 kWh	(2.9%)
Kerosene	250 kℓ	(26.9%)
Light oil	5 kℓ	(25.0%)
Heavy oil	750 kℓ	(-6.4%)
LPG	177 t	(-1.1%)
City gas	366,000 Nm ³	(-6.9%)

Water

Water supply	137,000 m ³	(-6.8%)
Groundwater	185,000 m ³	(-5.6%)
Other cistern water	66,000 m ³	(-5.7%)

Chemical Substances

Amount handled	242 t	(-4.7%)
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※ Targets chemicals subject to notification under the PRTR Law

Vehicle fuel

Gasoline	346 kℓ	(2.1%)
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Business Processes



The figures in parentheses are the percentage change YOY

OUTPUT

Greenhouse gases

CO ₂	54,892 t-CO ₂	(2.6%)
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Impact on the atmospheric environment

NO _x	6.0 t	(-6.3%)
SO _x	18.1 t	(2.8%)

Impact on water environments

BOD	3.2 t	(-20.0%)
COD	0.8 t	(0.0%)

Waste

Total amount generated	3,902 t	(1.6%)
Amount recycled	3,878 t	(1.2%)
Amount of landfill	8 t	(-11.1%)

※ The total amount generated is the total amount of waste and valuable materials

Chemical Substances

Amount emitted	46.7 t	(10.1%)
Amount transferred	14.8 t	(-11.9%)

※ Targets chemicals subject to notification under the PRTR Law



Initiatives for the Prevention of Global Warming

Eliminating waste and using energy in a reasonable manner serves as the foundation for preventing global warming. Electricity accounts for approximately 95% of the energy used by the Stanley Group, and so in order to prevent global warming we consider it important to reduce our power consumption and promote initiatives for doing this.

Reduction Status for Emissions of CO₂

Even though our net emissions of CO₂ have risen, we have achieved our goal for basic added value units by overhauling facilities and their operation

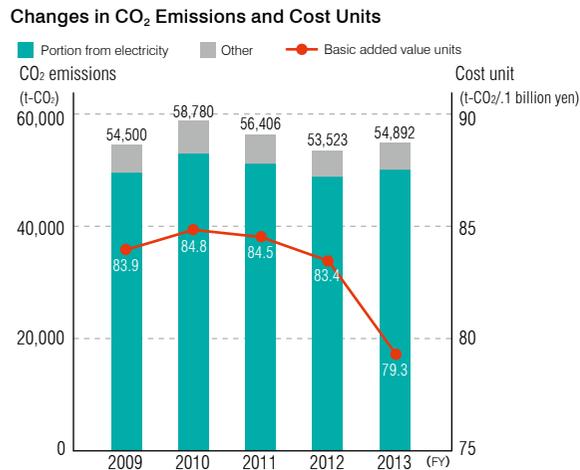
In FY 2013 our net emissions of CO₂ increased by 1,369t-CO₂ compared to the previous fiscal year due to an increase in production to come in at 54,892t-CO₂ (an increase of 2.6% YOY). In terms of basic added value units, we made efforts to reach our target of 80.6t-CO₂/1 billion yen or less (a decrease of 4% or more relative to FY 2009), and achieved our goal by getting this to 79.3t-CO₂/1 billion yen (a decrease of 5.5% relative to FY 2009).

Upgrading to highly efficient facilities and improving their operation, conserving energy with heavy equipment, and other measures to reduce fixed electricity contributed significantly to achieving these targets.

FY 2013 Performance

Basic added value units of CO₂
79.3t-CO₂/1 billion yen

Net domestic emissions of CO₂
54,892t-CO₂
(1,369t-CO₂ decrease YOY)



※The CO₂ emission cost unit for the electricity-using side announced by the Federation of Electric Power Companies of Japan was applied for the calculations of the amount of CO₂ pertaining to electricity.

Initiatives for Achieving Reasonable Energy Use

Contributing to preventing global warming by optimizing energy

The Stanley Group is working to prevent global warming by means of optimizing the energy used in conjunction with our business activities.

Initiatives for Capital Investments

Making capital investments based on our guidelines

The Stanley Group (including its overseas affiliates) has enacted the Stanley Environmental Index Guidelines for Facilities in order to promote the conservation of energy with our facilities. We are working to reduce our emissions of CO₂ with forethought given to the environment by making capital investments based on these guidelines.

Major capital investments

	Investment Item	Investment Amount (1 million yen)	Power Consumption Reduction (1,000 kWh)	Reduction of CO ₂ emissions (t-CO ₂)
Production equipment	Installing heat pumps on washing equipment	19	232	81
	Installing inverters on cooling water pumps, etc.	8	339	119
	Other upgrades	275	203	71
Ancillary equipment	Switching lighting equipment over to LEDs and improving their efficiency	18	304	106
	Other efficiency improvements	107	428	150

Reducing Waste by Visualizing Electricity

Using power meters

We are installing power meters in order to promote the visualization of electricity. We have established criteria for the installation of power meters, and perform analyses starting with each building and subdividing these out for each piece of shared production equipment and each piece of production equipment in order to promote reductions in the electricity we use. What is more, for our production equipment we determine the number of completed products together with the electricity used per individual product in an effort to further cut down on wasted electricity.



Initiatives for the Prevention of Global Warming



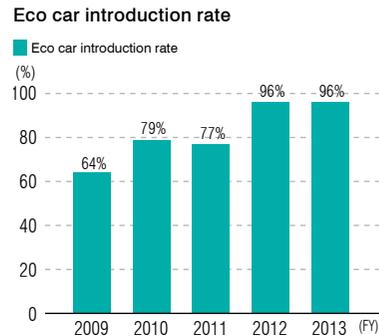
Initiatives to Optimize Energy Use

Contributing to preventing global warming by optimizing energy

● Reducing CO₂ Emissions

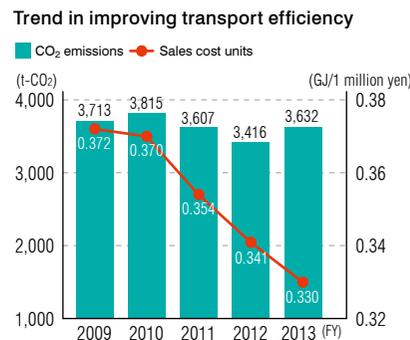
Introduction of Eco Cars

The Stanley Group is sequentially replacing our company vehicles with hybrid vehicles, electric cars, and other types of eco cars at the time of their replacement in the interest of protecting the environment. The introduction of eco cars is proceeding apace for our entire fleet of vehicles, and their introduction rate continued on at 96% for FY 2013, which has contributed greatly to improving fuel efficiency. Moreover, we are also working to reduce our CO₂ emissions by having employees make efforts for eco-friendly driving and reducing the amount of gasoline used.



Improving Transport Efficiency

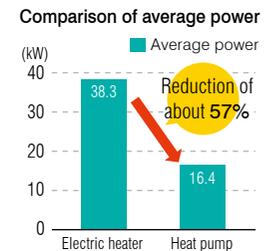
We select automobile ranks suited for their loads and reduce the number of shipments through consolidation, while also achieving reductions through the expansion of distribution via customer pickup. Through these and other initiatives we work to improve transport efficiency across our entire supply chain and continue with environmentally conscious distribution. Our actual performance for CO₂ emissions accompanying energy use in FY 2013 came to 3,632t-CO₂ compared to our goal of 3,575t-CO₂ (a 1.6% increase). Our goal and actual performance in terms of cost units both came to 0.33GJ/1 million yen, and therefore we achieved this goal.



● Initiatives for Conserving Energy

Adopting Heat Pumps

As a result of changing over from electric heaters to heat pumps in order to heat the washing water in the surface treatment equipment at our Hatano Factory we were able to reduce power consumption by about 57%. What is more, discharging the waste heat (cold air) from the heat pumps indoors holds in check temperature increases within the factory from the waste heat from other devices and so forth, thereby reducing the air conditioning cooling load.



Converting to Compressors with Inverters

We have upgraded our compressors to ones with inverters at our Hatano Factory, Hamamatsu Factory, and Hiroshima Factory. What is more, at factories where multiple units are used, performing optimal unit control in conjunction with the air used has allowed us to eliminate wasteful operation and reduce power consumption by 297,690kWh a year.



Cleaning Outdoor Chillers

At Stanley Iwaki Works we have restored the performance of the outdoor chillers by washing them with a specialized detergent. We have also treated them with a corrosion inhibitor in order to prolong the equipment's operating lifespan. Doing this has allowed us to reduce power use by 194,960kWh a year.





Initiatives for Resource Recycling (Waste / Water)

By way of resource recycling and waste reduction activities, at the development and design stages we curb the generation of waste by reducing the size and weight of our products, while at the manufacturing and disposal stages we implement measures like recycling activities through activities to improve yields and for sorting waste, while also working on zero emission activities to reduce landfill waste to close to zero.

Furthermore, when it comes to water we work to curb the amount of water we use and reuse it by means of water conservation through awareness-raising activities and reassessing our manufacturing processes.

Status for Reducing the Total Waste Generated

We achieved our target via basic added value units

The amount of waste we generated in FY 2013 increased by 61t compared to the previous fiscal year to 3,902t (an increase of 1.6% YOY). In terms of basic added value units, in working towards our goal of 5.68t/1 billion yen (a 1% or more reduction compared to FY 2012) we substantially achieved our goal by reaching 5.34t/1 billion yen (a 7.0% reduction compared to FY 2012).

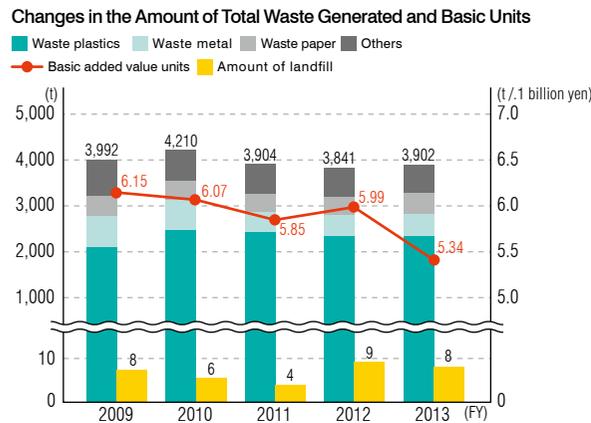
What is more, our amount of landfill decreased by 1t compared to the previous fiscal year to come to 8t, giving us a 0.21% landfill disposal rate and enabling us to continue to achieve zero emissions.*

* This is when the amount of landfill for the amount of waste generated is under 1% by ratio of weight.

FY 2013 Performance

Basic added value units
5.34t /1 billion yen

Amount of total waste generated
3,902t
(an increase of 61t YOY)



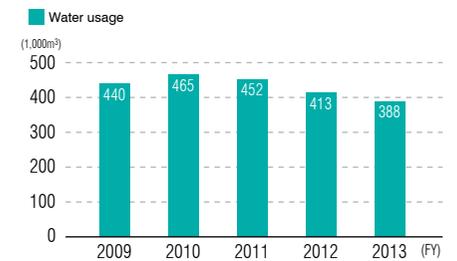
* Since FY 2013 we have set targets for reducing waste that exclude waste equipment and molds that were generated temporarily, and changed to a 1% or more reduction compared to FY 2012 in basic added value units.

Water Usage Status

We reduced our water usage by 6.1% YOY by reusing water resources and conserving water

Our factories use an enormous amount of water for processes like washing and cooling off the products and jigs during the manufacturing process. We work to eliminate waste through routine management involving initiatives like reuse and water conservation in our processes in order to use our precious water resources efficiently and reduce the amount that we use. Our water usage for FY 2013 came to 388,000m³, which represents a YOY reduction of 6.1%.

Changes in water usage

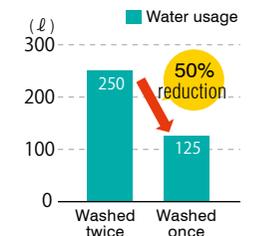


Initiatives to Reduce Water Use

Reducing our washing frequency

A washing stage is absolutely essential for the manufacture of automotive lamps in order to remove waste, oil, and static electricity. The water used for this is passed through a filter to remove contamination before being reused. Moreover, at some of our factories we have switched from performing washing twice to only once after first verifying that this would not have any impact on quality in our push to reduce water usage.

Changes in water usage per hour





Design for Environment

In order to minimize our impact on the environment to the extent possible and achieve the "creation of new values in harmony with the environment," we in the Stanley Group promote energy and resource conservation and the prevention of pollution over the entire life cycle of our products, while also working to cut down on our environmental impact globally.

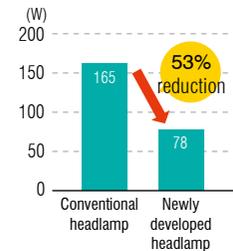
Power Saving

LED headlamps for motorcycles

Our products were adopted as the first LED headlamps on motorcycles in Japan. Together with the technology we have cultivated to date with cars, we have developed these headlamps so that they operate in a stable manner even on motorcycles, where the vibrations from the body are easily transmitted to the lamps. Our LED headlamps can conserve power by 53% compared to conventional halogen lamps. What is more, by establishing the world's smallest design size we improved design freedom over conventional headlamps. Moving forward we will continue to take up the challenge of further reducing our environmental impact through measures like weight reduction.



Power consumption for each individual headlamp



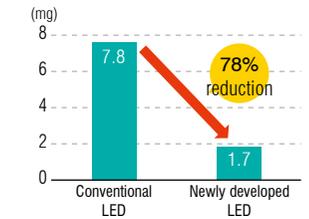
Reducing Resource Use and Weight

We have achieved reductions in resource use and weight by minimizing the package

With our lensed, chip-on-board LEDs, by optimizing the lens design we were able to reduce the package from a 3216 size to a 1608 size while keeping the brightness the same. Through this we were able to achieve a 31% reduction in size and a 78% reduction in weight.



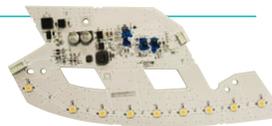
Weight of each individual lensed, chip-on-board LED



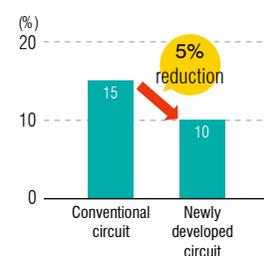
Reducing Our Use of Resources

Cutting circuit losses and reducing parts through optimal circuit design

With the circuits that light up our LED lamps for vehicles, we have devised innovations for the LED circuit architecture to achieve a reduction in parts and power savings. In order for LEDs to be illuminated in a stable manner the voltage must constantly be adjusted to a constant level. But since there are frequent voltage swings on vehicles, with our newly developed headlamps we adjusted their circuit architecture, which formerly had to adjust voltages upwards and downwards, to have a control mode that now only boosts the voltage. This led to cutting circuit losses by 5% and reducing parts.



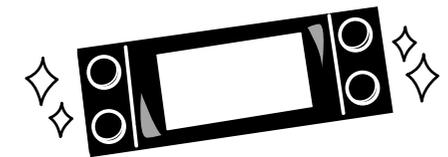
Circuit losses



Pollution Prevention

Saving resources and preventing pollution via a coating-less finish on our products

For panel products that require a shiny feel, by using a molding technique that does not produce a resin flow pattern on products that had conventionally been coated we have achieved a coating-less finish. This has made it possible to reduce the coating as well as the VOC that are generated during the coating process.





Design for Environment

Life Cycle Assessment (LCA)

Promoting design for the environment through the use of a checklist

In order to promote the manufacture of products designed for the environment we enacted our Design for Environment Guidelines and apply them to the full range of our product design. By performing evaluations through the use of checklists, we are working to improve our environmental friendliness in order to reduce our impact on the environment to the extent possible.

The eight evaluation items of: ① energy conservation, ② regulations and standards, ③ resource conservation, ④ reuse and recycling, ⑤ degradability, ⑥ extended life span, ⑦ suitable packaging, and ⑧ provisions of information are quantified and evaluated. What is more, we also make efforts to calculate the eco-efficiency of each of our products.

By comparing all of our products with the same indicators, we have clearly defined their respective strengths and weaknesses and reflect this back in our product design. Through this we strive to raise the level of environmental responsiveness of our products.

Overview of the Evaluations

- Evaluations via Checklists**
We adopted a three-point standard as shown with the evaluation examples to the right in our aim of producing products that surpass these standards for each item.

- Calculating Eco-Efficiency**
Eco-efficiency is an indicator that evaluates the value of a product and its environmental impact in a balanced manner. We have established our own definition of product value and have begun to calculate this.
Eco-efficiency = Product value / CO₂ emissions (up through the production of a product)
Moving forward, we will continue to promote its use to enable us to evaluate eco-efficiency by performing comparisons with conventional products.

Initiatives at Our Overseas Production Bases

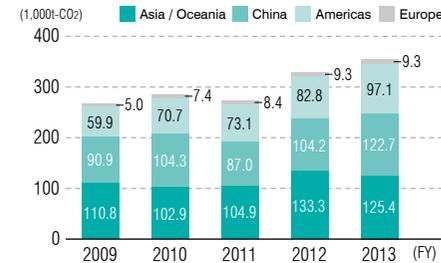
The environmental impact and contents of activities at our overseas group companies are listed below.

Environmental Impact of Our Business Activities in FY 2013 (Data for Our Overseas Group: 13 Companies)

The figures in parentheses are the percentage change YOY

INPUT		Business Processes	OUTPUT	
Energy		Manufacturing	Greenhouse gases	
Electricity	439,357,000 kWh (4.0%)		CO ₂	354,401 t-CO ₂ (7.5%)
Gasoline	893 kℓ (-8.1%)		Waste	
Kerosene	3 kℓ (50.0%)		Total Amount Generated	
Light oil	560 kℓ (-19.0%)		23,229 t (4.5%)	
LPG	237 t (11.3%)			
Natural gas	1,860,000 m ³ (8.1%)			
Water				
Amount of Water Used	1,264,000 m ³ (-15.6%)			

Changes in CO₂ Emissions



Changes in the Amount of Waste Generated



* The amount of CO₂ was calculated based on "The Estimated Report for the CO₂ Basic Units for Power Sector Emissions in Each Country - Ver. 3," edited by The Japan Electrical Manufacturer's Association (JEMA)



Initiatives at Our Overseas Production Bases



Initiatives for Conserving Energy

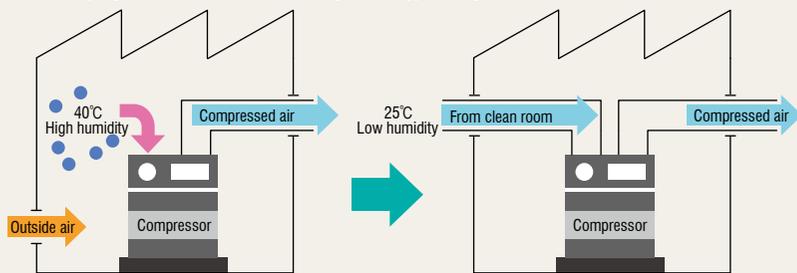
● Holding Energy Conservation Patrols

At Indonesia Stanley Electric, the staff of the environmental department in Japan gave practical instructions on Energy Conservation Patrols to deepen their understanding of the importance of environmental measures and specific energy conservation techniques. Since then, the local staff has continued to conduct Energy Conservation Patrols to entrench energy conservation activities.



● Lateral Deployment of Excellent Case Examples of Energy Conservation from Overseas

We deploy excellent case examples of energy conservation from overseas across the group as a whole. In FY 2013 we deployed a method to improve the efficiency of compressor operation. This involved switching the air intake into the compressor from hot, humid outside air to constant-temperature, low humidity exhaust from clean rooms. This reduced the burden from dehumidifying the air, while also resulting in energy savings of 5%.



● Promoting Energy Conservation through the Use of Power meters

The Stanley Group has moved forward with analyzing power usage by installing power meters, and in FY 2013 we finished installing power meters at Vietnam Stanley Electric and initiated activities conducive to conserving energy by analyzing their power use.

Activities to Determine and Reduce Emissions of GHG

All around the world there are demands for companies to determine and reduce their emissions of GHG across the entirety of their supply chains. In response to this global state of affairs, we are working to laterally deploy methods to determine GHG and ways of reducing them out to Stanley Group companies overseas.

● Training in Japan

We held our Global Environmental Practices Training Course to which we invited practitioners from our overseas group companies to Japan in the aim of sharing techniques for reducing GHG across the group as a whole. Lasting three days, the training worked to share viewpoints on energy conservation measures by studying energy conservation techniques and case examples of improvements.



● Education at Overseas Bases

In FY 2013, the staff of the environmental department in Japan provided education on methods to determine GHG and ways of reducing them at Vietnam Stanley Electric, Thai Stanley Electric Public, and Asian Stanley International. They also work towards enhancing activities in conjunction with the status of GHG initiatives locally at each base.





Relations with Communities

As a member of society, the Stanley Group not only contributes to society through its business activities, but also makes efforts that enable us to maintain better relations with local communities. We also work to contribute to society through a variety of different activities, such as volunteer activities by our employees.

Environmental Communication

External Communication

Introducing our efforts at numerous exhibitions

The Stanley Group holds displays at exhibitions to introduce people to things like our environmentally conscious efforts through our products. We also strive for greater communication with a diverse array of stakeholders through various different activities.



CEATEC JAPAN



Tokyo Auto Salon



Tokyo Motor Show

Internal Communication

Raising environmental awareness through our internal newsletter

We promote a work culture and human resource development that allows each and every employee of the Stanley Group to remain environmentally aware at all times and proactively engage in environmentally friendly conduct in all sorts of social, community, and corporate settings.

An environmental column is included in every edition of the Stanley Group's internal newsletter, and in FY 2013 we listed the environmental activities of our employees in an effort to raise environmental awareness.

The "Ecocco Eco Action Report" is a column that provides environmental information in our internal newsletter



Social Contributions

Initiatives for Biodiversity

Actively taking part in volunteer activities

The Stanley Group strives to improve the environment in communities by reducing the environmental impact from our business activities by optimizing the amounts of energy and raw materials used, as well as by offering environmentally friendly products. We also undertake social responsibility activities and volunteer activities, while also carrying out initiatives for biodiversity through various activities.

Company Initiatives

Hosting charity programs that assist with reconstruction from the Great East Japan Earthquake

● Hosting the Stanley Ladies Golf Tournament

Every year Stanley Electric sponsors the Stanley Ladies Golf Tournament, which is sanctioned by the Ladies Professional Golfers' Association of Japan.

For FY 2013 we carried on in holding this as the Assistance for the Reconstruction from the Great East Japan Earthquake charity program. The prize money of 11.33 million yen, which was based on the scores of the participating golfers, was donated to activities that provide assistance to children orphaned by the earthquake in Iwate, Miyagi, and Fukushima Prefectures. In addition, we also carried out various other environmentally friendly activities, such as setting up eco stations at the venue to sort garbage and donating the equivalent of 11,000 saplings to the Shizuoka Prefecture Forest Union Association.





Social Contributions



Community Environmental Activities

Taking part in activities to reduce CO₂ at our various branches

● Initiatives at Our Yokohama Branches

Three of our branches in the Yokohama area took part in the collection of caps from plastic bottles (Eco-Cap Campaign). As of FY 2013 a sum total of 191,400 caps have been collected, with the proceeds from selling these having been used to donate vaccines to about 240 children around the world. Sorting and collecting the caps has also contributed to cutting the CO₂ that would have been emitted from incinerating them.



● Participating in the Light Down Campaign

Our Stanley Group companies in Japan participated in the CO₂ Reduction / Light Down Campaign 2013, which is sponsored by the Ministry of the Environment, across all of our branches. We sympathize with the campaign's aim of turning off lights in order to prevent global warming. Each of our branches provided notification to their employees, who turned off all types of lights, including externally lit signboards as well as those in parking lots and entranceways, from June 21 to July 7, thereby contributing to reducing CO₂. Moving forward, we will continue to actively take part in activities carried out across society as a whole.



Lights on



Lights off

Community and Home Initiatives

Carrying out clean-up activities in different regions with community members

● Clean-up Activities

Stanley Group companies have employees and their families carry out cleanup activities together with local residents as a way to contribute to local communities.



Hamamatsu Factory



Hiroshima Factory



Yamagata Factory



Stanley Tsuruoka Works



Stanley Miyagi Works

◀ Views

I'd like to continue on with activities that contribute to society in the future



Kaori Sasai
Administrative Department, Stanley Niigata Works

We had 30 volunteers that included employees and their families hold clean-up activities on the premises together with the industrial park, following which we held a potato cook-off.



After working up a good sweat cleaning up the surrounding area the potatoes we ate tasted all the better as a reward for our mutual efforts. I'd like to continue to contribute to the community through such activities in the future.

