

Environmental
Report
2007

JUKI CORPORATION

The slogan “Mind & Technology” forms the basis of the Juki brand today. With its customer-oriented policy, the Juki Group is committed to creating “Technology with Heart.” We will continue to provide products and services by taking our customers’ needs and desires strictly into account, and by treating our customers as “co-production partners,” in which we create value together by learning directly from our customers. Also, we will contribute to world industry, and ultimately to the happiness of human beings everywhere, by promoting management with an emphasis on product quality as well as introducing attractive products.



Mind & Technology

We will create socially useful products under our “Technology with Heart” slogan and customer-oriented policy.



Editorial Policy

This report summarizes the Juki Group's ideas on environmental preservation and the Group's environmental activities and achievements in fiscal 2006. The report includes organizational data as of the end of September, 2007.

Period Covered

This report covers the period from April 1, 2006 to March 31, 2007 (fiscal 2006) but sometimes includes data for other periods.

Scope of Reporting

The environmental activities of Juki Corporation and other Juki Group companies are introduced.

Reference Guidelines

Environmental Reporting Guidelines (Fiscal Year 2003 Version) issued by Japan's Ministry of the Environment.

Next Publication

We plan to publish our next environmental report in October 2008.

Please send us your frank opinions and advice by completing the questionnaire we have attached to this report. Your comments are valued, and we will incorporate them in our next environmental report.

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※ Please visit our website if you would like to get more information on our company.
[http:// www.juki.co.jp/index_e.html](http://www.juki.co.jp/index_e.html)

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Commitment by
Top Management 2007

Society needs to improving

In the next Medium-Term Management Plan, President Nakamura aims to increase the corporate value of the Juki Group by making even more improvements to the quality of management. President Nakamura regards environmental issues as a management priority and is committed to ensuring that the Group fulfils its social responsibility and contribution to society while engaging in activities to improve the productivity and efficiency of management. The president explains his ideas in the following interview.

Interviewer: Toshiyuki Hayama, Linx-International Inc.

Achieving numerical targets earlier than the planned through concerted efforts by Juki Group employees

—What progress has been made and what tasks remain to be achieved with regard to the ongoing Medium-Term Management Plan?

President Nakamura: In recent years, we have been focusing on “survival as a going concern” as the basic concept for our management plans. With the Medium-Term Management Plan (for fiscal 2005-2007) that we are now implementing, it is very likely that we will be able to achieve all the numerical targets set for the final year of the plan (for ordinary income, interest-bearing debt, shareholder's equity, and others). Concerning the remarkable achievement we have made so far, I am deeply grateful for the efforts of all Juki Group employees, who share common targets and have been striving to attain them.

Some tasks, however, still remain to be accomplished, including making successful responses to

Kazuyuki Nakamura President of Juki Corporation

中村和之

After graduating from Kyushu University in 1966, entered one of Japan's major banks. After serving as a director of the sales department at the bank, entered Juki Corporation in 1996. After serving as senior managing director in charge of head office departments and general manager of the Industrial Sewing Machines Division, became the president of Juki Corporation in 1999.

corporations that are committed their quality of management

changes in the management environment. One example of this is the need to rebuild our household sewing machines business. In addition, following the global expansion of our production bases, we are now aware of the need to implement specific measures to ensure occupational safety as one of our future management priorities.

Improving quality of management will expand the size of our business and further increase our corporate value

—What targets have you set in the next Medium-Term Management Plan?

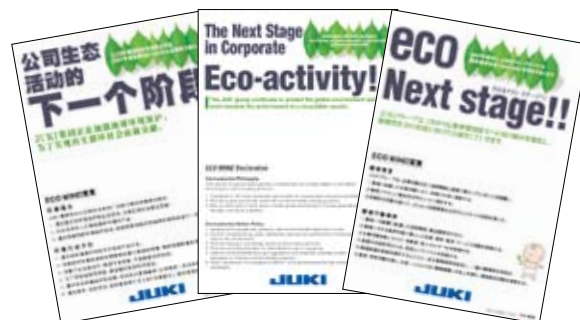
President Nakamura: In the next Medium-Term Management Plan, we have set ourselves the target of further increasing our corporate value. We will give first priority to making Juki a company valued by all its stakeholders, including shareholders, customers, suppliers, employees, and society at large. To this end, we have to expand the size of our business, not just the proceeds of sales. In order to improve our corporate value and expand our business size, we first of all need to improve our quality in every aspect, including the quality of our products and operations. In our next Medium-Term Management Plan, we therefore focus on improving our quality of management. In addition, we must revitalize our human resources and organizations on a continual basis, because people make the company.

Making environmental issues a management priority and improving efficiency to reduce environmental impact

—What activities have the Juki Group been conducting?

President Nakamura: We are working to acquire ISO 14001 certification across the Group. ISO 14001 is the international standard for environmental management systems, and as of July 2007, a total of 15 companies in our Group have acquired certification, including 12 companies that had already acquired it by the end of 2006. We will encourage all our Group companies, especially our manufacturing companies, to acquire certification.

All the manufacturing companies in our Group have been continuing their efforts to improve productivity. As



The Juki Group is strengthening its environmental activities and promoting acquisition of ISO 14001 certification.

a result, what took 100 minutes in their factories in the past can now be completed in approximately 40 minutes, which reduces overtime work and the factories can be closed on time. This will in turn lead to a reduction in power consumption. Activities to improve productivity and management efficiency will therefore help reduce the environmental impact of our business operations. We set a specific target of reducing CO₂ emissions by 3% over the fiscal 2004 level, and were able to reduce it by a significant 12% in fiscal 2006.

However, we have not been so successful with reducing the amount of paper used in our offices. People say we use the largest amount of copy paper in the Tama district. This is a joke, but we do need to review our way of working. At meetings, we tend to distribute thick reference materials to participants and they tend to make decisions based on these written documents. We also tend to store duplicate copies of the same documents in various places. If we stop doing this, we can reduce our use of paper. To solve this issue it is important that we make organizational efforts in addition to individual efforts. For example, in one of our divisions, paper use dramatically decreased when the head of the department took the initiative to target a reduction in its use across the entire division. If other divisions do the same thing, we will surely be able to reduce our overall use of paper.

—In your environmental activities, do you have any environmental targets unique to your business?

President Nakamura: Our major products are industrial goods that consume electricity, and it is important to provide customers with more power-and energy-

saving products. Also, we need to produce products with oilless bearings. In addition, we have to reduce the noise generated by our products out of environmental considerations. With industrial sewing machines, the noise generated by one or two units is not so significant, but when 1,000 or 2,000 machines are used together, a small difference in the noise level of each machine will have a big effect. Although our products are already known for their low noise levels, we are not satisfied with our reputation and are studying ways to reduce noise levels even more. Noise has a big influence on the health of sewing operators, too.

At present, our R&D department is located in Seta-gaya and there is a large flow of people between the department and our head office every day. This is a waste of time and energy, and so we are now planning to construct a new research building in Tama, and will move the head office functions there too. Once the new building is completed, these losses in time and energy will be eliminated. In addition, the building will meet the strict environmental standards set by the Tokyo metropolitan government and will contribute significantly to reducing our environmental impact.

Contributing to society through our core business

—What are your views on corporate social responsibility?

President Nakamura: As I always say to employees, companies are incorporated based on laws, which provide for social rules. We therefore need to abide by those laws to continue to exist as a corporation, and compliance with laws is the basic premise for our business.

In developing countries, textile and related industries are the largest foreign exchange earners, and industrial sewing machines help these countries achieve further growth. We are therefore engaged in business activities that directly contribute to society.

I am afraid that some people misunderstand the meaning of CSR. It is not something that companies fulfill apart from their business activities; we must be more aware of the fact that we are conducting business in compliance with social rules as a corporation and what we do in our business does directly contribute to society.



Building even better relations with stakeholders

—Finally, what measures are you implementing for your stakeholders?

President Nakamura: Although we were not always able to pay dividends to our shareholders in the past, we have been able to pay dividends recently. When we had hard times in the past, we had to ask our employees to do something more than they could do, but recently we have been able to increase the amount of the bonus paid to them. As for suppliers, we procure the main devices for the manufacture of value-added, high-quality, and high-performance sewing machines and their components from suppliers only in Japan. Our next New Year's meeting at which we strengthen our relationships with our business partners will be in 2008, when we will celebrate the 70th anniversary of Juki Corporation. We also attribute importance to harmony with local communities and we hope that the new building soon to be constructed in Tama City will become a symbol of our commitment to harmonizing with the local community.

I was born on an island in Kyushu and raised in a wonderful natural environment. I therefore have a strong commitment to protecting the natural environment. Because of my background, I want to make continued efforts to find solutions to environmental problems.

Although we started in the industrial sewing machines business later than many of the other Japanese manufacturers, we have developed ourselves into the world's top manufacturer. Our employees embody the world's largest reservoir of skills in the industry, and this level of know-how cannot be acquired by external training. As a direct result of the efforts of our employees, we were able to overcome difficulties and become the top industrial sewing machine company in the world. I therefore regard employees as our most important stakeholders. I hope they feel that Juki is the company of their choice, and that this is where they want to continue to work.

About the Juki Group

The Juki Group, which comprises 44 companies both within and outside Japan, conducts its business as a truly global corporate group, following the spirit of the law and in compliance with all laws, international rules, and social norms.

Corporate Philosophy of the Juki Group

All employees of the Juki Group worldwide are committed to researching, developing, and manufacturing even better products and providing even better services based on the Group's Corporate Philosophy, Basic Management Policies, and Policies Guiding Employee Activities.

Corporate Philosophy

- The men and women of Juki work hand in hand to spread happiness and enrich society.
- Juki technologies are constantly evolving and creating new value.

Basic Management Policies

- Promoting Total Quality Management.
- Nurturing Strength and Flexibility in our Organization and in our People.
- Running Our Company with the Best Management Practices of International Society.

Policies Guiding Employee

- Always think from the customer's point of view and respond swiftly.
- Set one's own targets, accomplish the necessary roles, and expand them.
- Act always as trustworthy cosmopolitan.

Outline of the Juki Group

Outline of the Juki Group

Number of consolidated subsidiaries: 43
 Net sales: ¥140.5 billion
 Number of employees: 6,954
 Business segments: Industrial sewing machines, SMT (surface mount technology) systems, household sewing machines, electronic equipment and computer peripherals, and others

Juki Corporation

Established: December 15, 1938
 Paid-in capital: ¥15.9 billion
 Aggregate number of issued shares: 129,370,000 shares
 Number of shareholders: 6,044
 Listed on Tokyo Stock Exchange First Section (loan transaction stock)
 Fiscal year ending March 31
 Net sales: ¥87.4 billion
 Major business sites:
 Head Office: 8-2-1, Kokuryo-cho, Chofu-shi, Tokyo 182-8655
 Central R&D Laboratory: 3-17-14, Funabashi, Setagaya-ku, Tokyo 156-0055
 Ohtawara Plant: 1863, Kita-kanemaru, Ohtawara-shi, Tochigi 324-0011
 Number of employees: 943

As of the end of March 2007

List of Manufacturing Companies in the Group

Juki Xinxing Industry Co., Ltd. (Hebei, China)
 Juki (Shanghai) Industrial Co., Ltd. (Shanghai, China)
 Shanghai Juki Sewing Machine Co., Ltd. (Shanghai, China)
 Juki (Shanghai) Precision Machinery Co., Ltd. (Shanghai, China)
 Juki (Ningbo) Precision Industrial Co., Ltd. (Zhejiang, China)
 Juki (Ningbo) Parts Manufacturing Co., Ltd. (Zhejiang, China)
 Juki (Vietnam) Co., Ltd. (Ho Chi Minh City, Vietnam)
 Juki Corporation (Chofu City, Tokyo)
 Juki Akita Seimitsu Corporation (Daisen City, Akita Prefecture)
 Juki Denshi Kogyo Corporation (Yokote City, Akita Prefecture)
 Juki Yoshino Kogyo Corporation (Yokote City, Akita Prefecture)
 Juki Aizu Corporation (Kitakata City, Fukushima Prefecture)
 Matsumoto Machinery Industrial Corporation (Kitakata City, Fukushima Prefecture)
 Juki Seimitsu Corporation (Ohtawara City, Tochigi Prefecture)
 Suzutami Precision Industry Co., Ltd. (Nagaoka City, Niigata Prefecture)
 Juki Metal Corporation (Taki-gun, Mie Prefecture)
 Juki Matsue Corporation (Matsue City, Shimane Prefecture)
 Juki Hiroshima Corporation (Hiroshima City, Hiroshima Prefecture)
 Juki Miyazaki Seimitsu Corporation (Miyakonojo City, Miyazaki Prefecture)
 Union Special Corporation (State of Illinois, United States)

Corporate Governance

The Juki Group regards the optimum maintenance and operation of its corporate governance system as one of its top priorities and is endeavoring to further improve and expand the system.

Prompt Managerial Decision Making

In order to improve our management capabilities and enhance our ability to execute business, we have a Management Strategy Council in addition to the Board of Directors and have introduced the Executive Officer System and Chief Officer System (Chief Officers are in charge of various group functions) as well.

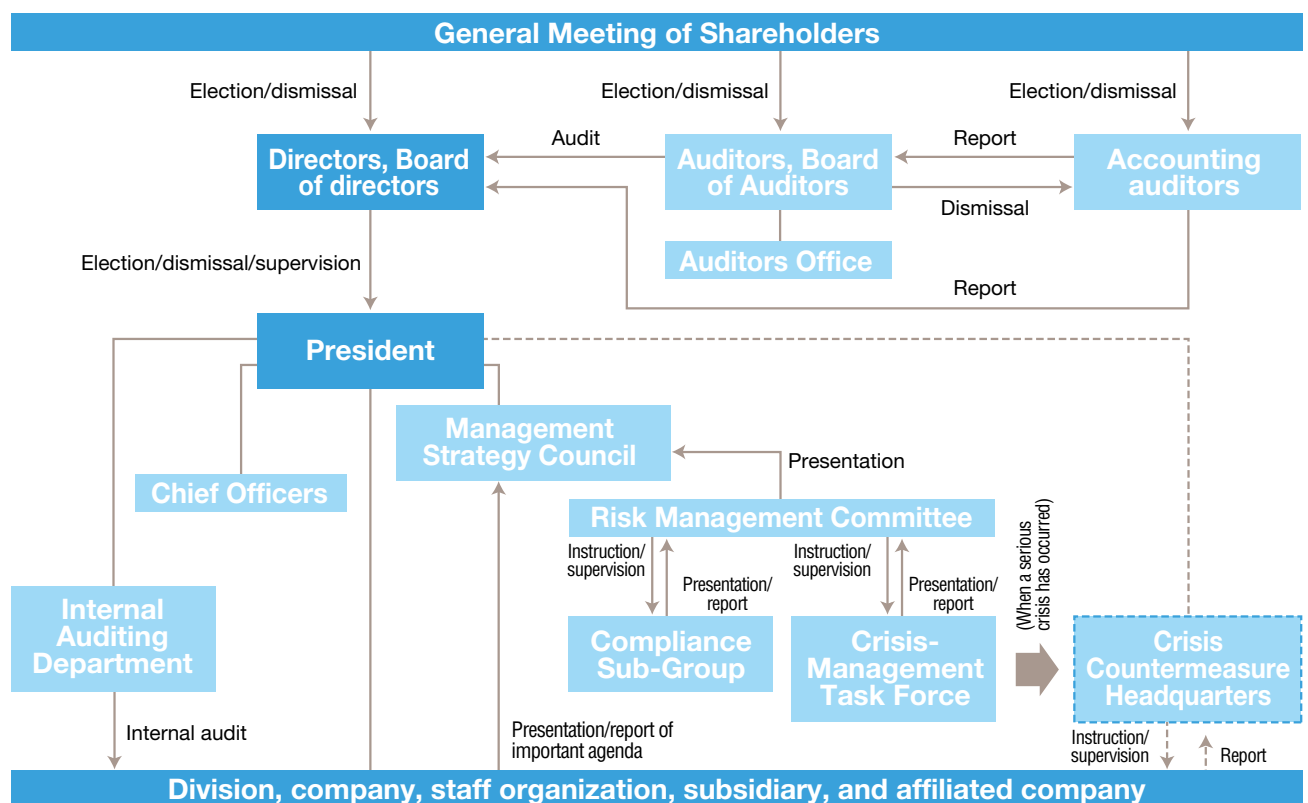
The Board of Directors makes decisions about legally mandated issues as well as important managerial matters and supervises the execution of business. At the meetings of the Management Strategy Council, the Directors, Chief Officers, and Operating Officers and other departmental managers in charge discuss and decide on basic management policies and strategies from various angles.

Strengthening Supervisory Functions

We have an Auditors Office under the Auditors, who actively attend meetings of the Board of Directors and other important in-house meetings to strictly monitor the execution of business by the Directors and Officers. The Internal Auditing Department, a body established separately from the Board of Auditors, audits the execution of business by Juki Corporation's departments and subsidiaries as an internal auditing organization responsible for monitoring activities throughout the Group. The Auditors perform their audits according to the policies of the Board of Auditors in cooperation with the Internal Auditing Department and external accounting auditors.

Based on this auditing system, the Juki Group will further improve its corporate governance to ensure more prompt and efficient management and improved quality of management.

Corporate Governance System



Compliance and Risk Management

The Juki Group maintains and improves its ethical standards and strengthens its compliance system to ensure that its directors and employees strictly abide by laws, regulations, and other rules. We also conduct risk management activities for the entire Group so that we can make appropriate responses to any possible risks.

Our Approach to Compliance

While a corporation must make a profit in order to survive, profits can be gained only by satisfying the needs of customers. To succeed in this, a company must earn profits and implement a customer-first-policy at the same time. This modus operandi rests on the basic assumption that a corporation follows the laws, regulations, and rules of society and is trusted by the public.

In keeping with this viewpoint, we have established a compliance system to maintain and improve corporate ethics and strictly discipline the officers and employees when necessary. We also endeavor to improve communications with our stakeholders for a higher level of trust.

Establishing a Code of Conduct

In 1992, we established the Juki Code of Conduct as a set of guidelines for the daily conduct of our corporate management, managers, and employees based on the Juki Corporate Philosophy and Basic Management Policies. The Code gives detailed instructions on how to become a good corporate citizen by behaving appropriately towards customers and adhering to laws and regulations relating to corporate management.

We reviewed the Code in August 2004 and formulated the new Juki Company Code of Conduct and the Code of Conduct for Officers and Employees to promote adherence to laws and international rules, respect for human rights, conduct based on common sense, and Juki's identity as a company that benefits society.

Enhancing Our Compliance System

The top management of the Juki Group is consistent in the message sent to employees: "It is our policy to ensure compliance in the management of our business. We will respond promptly to compliance problems, and never attempt to suppress them."

In fiscal 2006, in line with this message, we gave compliance training to all employees of Juki Corporation with the aim of inculcating in them strong ethical values. This

training was held at the initiative of the Legal Department and the Compliance Subcommittee, which comes under the Risk Management Committee. Subsequently in fiscal 2007, we are expanding the range of our compliance training to include the directors and employees of other Juki Group companies. In addition to this, we are collecting information on compliance problems from employees, using answers to the questionnaire surveys distributed to participants after their training.

We established the Employees Code of Conduct Consultation System in March 2004 as a mechanism to give employees support with compliance issues. We have been responding to a variety of inquiries from employees through this system.

We will continue to communicate compliance risks across the entire Juki Group to prevent the occurrence of compliance problems, thereby maintaining the trust of our stakeholders and enhancing our corporate value.

Risk Management

In September 2005, we established the Risk Management Committee to manage risk for the entire Group.

We are presently establishing a system to implement risk prevention measures and make preparations for emergencies, including those risks that our existing organizations and functions cannot easily deal with. These risks include natural disasters such as earthquakes and typhoons, fires and explosions, product liability (PL)-related problems, and environmental problems caused by wastewater from plants.

In the event of a serious crisis, we will establish a Crisis Countermeasure Headquarters to actually manage the situation. We have established risk management rules to ensure appropriate responses in normal situations, during an alert against risks, and in actual emergencies.

Introducing the Business of the Juki Group

The Juki Group is operating business on a global scale using its industrial sewing machine technology as its core technology. We are now strengthening our SMT systems business as one of the fields in which we have special advantages. All Group employees are committed to researching, developing, manufacturing, and providing excellent products and services.

Industrial Sewing Machines Business

Industrial sewing machines are widely used not only by the apparel industry but also for sewing thick leather materials and manufacturing interior fixtures. The industrial sewing machine business is the Juki Group's core business. We sell our products in approximately 170 countries and have the world's top share of the market. We provide a wide range of products featuring high quality and productivity together with technical support and services that are made possible based on our ergonomics and industrial engineering technologies. We provide customers with the world's most advanced sewing technologies.



Direct-drive dry head sewing machine with beltless operation

SMT (Surface Mount Technology) Systems Business

In the SMT Systems business, we develop, market, and provide related services for pick and placers, which are machines used to mount fine pitch electronic components on printed circuit boards. Based on the precision machining technologies we are building up from our industrial sewing machines business, we are able to design production systems, placing importance on investment efficiency. In this way, we are supporting the development of the electronics industry through our unique sales and service networks that extend throughout the world.



General-purpose pick and placer usable for a range of different parts

We will live up to the expectations of customers by helping them improve their quality and productivity

In the industrial sewing machine business, we are now introducing product management teams (PMT) to promote cooperation between the planning, development, manufacturing, and marketing departments so that we can promptly deliver new products that meet our customers' needs. With these teams, we are trying to meet the challenges as early as possible.

Customers have very high expectations for our products everywhere in the world, and in order to live up to their expectations, we are now introducing specific evaluation items for "sewing," something that is difficult to evaluate with numerical data. We are also developing products that are useful in the management of sewing factories. These efforts will help our customers improve their quality and productivity.



Hiroshi Takaya
Leader, Product Planning Section,
Product Planning Department,
Industrial Sewing Machine
Division, Juki Corporation

We will provide customers with economical and easy-to-use, products with expandability

After being engaged in designing pick and placers for nearly 20 years, I moved to the Product Planning Department two years ago. I have been constantly engaged in the development of products since I entered the company and I feel happy to be able to satisfy customers by developing and supplying products that meet their requirements in terms of quality

and performance and to contribute to society by helping the progress of electronic devices. I am now in charge of the KE Series, which has been popular with customers since its release with its "3Es Concept" (Economy, Ease, and Expandability). I will continue to develop economical, easy-to-use, and expandable products for customers.



Kazuya Mitsumori
Leader, Product Planning Office,
Planning Department, Electronic
Assembly and Test Systems
Division, Juki Corporation

Household Sewing Machines Business

We have developed a range of easy-to-operate and multifunctional products, including models that can sew straight stitches, zigzag stitches and buttonholes as well, models that can create decorative patterns and do large embroideries, and models that allow you to scan in and embroider your own pictures. In addition to providing high-quality products, we support users of our products so that they can enjoy sewing with our services available via our domestic and overseas networks.



Sewing machine that allow you to scan in designs for embroidery

It is very important to communicate the pleasure of sewing to consumers

Household sewing machines are the only products Juki makes for general consumers. I find it interesting and difficult to plan products that take into account the future needs of consumers two to three years from now. Unlike industrial products, we can incorporate a range of functions into household sewing machines, including the ability to sew straight stitches, zigzag stitches, and buttonholes, and I enjoy thinking how to incorporate multiple functions in a way that is easy for consumers to use. Recently the number of consumers who have no opportunity to use a sewing machine has been increasing, and we are focusing on holding seminars at which they are given a chance to enjoy sewing in cooperation with the Public Relations Department.



Ken Saito
Product Planning Section,
Planning Department, Household
Sewing Machines Division,
Juki Corporation

Electronic Equipment and Computer Peripherals Business

Juki Seimitsu Corporation manufactures and sells cushioning material manufacturing machines named Air Lady, which are environment-related products. In addition, the company assembles electromagnetic solenoid products, electric units, harnesses, and arcade machines. It is also engaged in the cutting and processing of parts that are difficult to process and require a high-precision finish, such as parts for industrial sewing machines, general machines, and pick and placers. For the management of hazardous substances, it uses its own UV inspection devices and X-ray fluorescence instruments and promotes green procurement.



Air Lady cushioning
material manufacturing machine

Coin hopper

Maintaining our ISO-certified management systems

I worked as a facilitator for building management systems based on ISO standards and for acquiring the relevant certification to make Juki Seimitsu a company with quality assurance and environmental management systems appropriate to a Juki Group company. At present, I am engaged in maintaining our certified systems. Our company acquired ISO 9001 certification in 2002 and ISO 14001 certification in 2005. The process of acquiring certification was an unforgettable experience; although each department had different opinions initially, their ideas gradually began to correspond in the final concerted effort to acquire certification. This experience provided me with the motivation to work continuously to maintain the certified systems.



Masayuki Aoki
Manager, MDR Promotion Office,
Juki Seimitsu Corporation



Ohtawara Plant in Ohtawara City, Tochigi Prefecture (production base for industrial sewing machines)

Pick Up 2006

Reducing CO₂ Emissions to the Industrial Sewing

~Improving productivity through the development of a unique

Background to the Introduction of “Digital Yatai”

With globalization in the manufacturing industry, Japanese companies are shifting their production bases increasingly to the Asian region including China. In these circumstances, we need to accelerate the speed with which our production activities respond to customers' needs while maintaining quality products that bring more advanced functions and performance. We can reduce our power consumption by improving productivity, which will in turn contribute to environmental protection. How can we continuously manufacture our products in a more environment-friendly manner? As one answer to this question, in 2004 we introduced a new production system called the “digital cell production method” at our Ohtawara Plant, our main production base for industrial sewing machines. The Plant achieved great results from introducing this new method.

Introduction of the digital cell production method started with four employees of Juki Corporation, mainly from the Production Technology Department at the Ohtawara Plant, heard that Roland DG Corporation had successfully developed and introduced a new production system called “Digital Yatai” that uses 3D image data and IT, and visited the company in March 2004. The employees toured Roland's factory, listened to an explanation of the “Digital Yatai” system, and realized the potential for introducing the system into Juki. The Ohtawara Plant then began making preparations to introduce the system.

Digital Yatai in Operation After a Series of Improvements

The Production Technology Department at the Ohtawara Plant, including an engineer from the actual assembly line, led development of the Digital Yatai system for the Plant. To make the first unit for the Digital Yatai system, they chose a model of sewing machine that is relatively easy to assemble. Members of the Production Technology Department actually assembled and disassembled sewing machines to create the work instructions to be displayed on the monitor screen. In addition, they assembled the equipment necessary for the Digital Yatai system unit, including a PC terminal, a rack that shows which tool to use from among more than 40 kinds by flashing lamps, and a revolving-type parts feeder that automatically feeds the parts to be used to the operator. Finally in September 2004, the first system unit was completed.

Subsequently the Plant identified points to be improved in the course of the pilot operation, including improvements needed to the hardware (i.e. the parts feeder) and to the software (the work instructions displayed on the monitor). They then developed optimum hardware devices and modified the instruction monitor to incorporate these improvements. The improved Digital Yatai system is now in operation at the Plant.

● Conventional Production Line



The production process is divided into small steps and individual operators take charge of a small step in the process.

● Digital Yatai System



Each operator takes charge of the whole production process, assembling a product following the instructions displayed on the monitor screen. Operators can rapidly acquire the necessary skills by following the displayed instructions.

● Digital Cell Production (relay method)



The production process is divided into several steps and each operator takes charge of one step using the Digital Yatai system. After finishing their own step, the operator sends the work-in-process to the next operator by placing it on a workbench with wheels attached.

by Introducing “Digital Yatai” Machine Assembly Line

digital cell production method~

Example of Initiatives Taken by the Juki Group – Ohtawara Plant, Juki Corporation

Achieving a 100% Digital Assembly Rate by Fiscal 2010

In the past, it took five days for an experienced engineer to teach the basic work procedures to the operator responsible for assembling the model. After introducing the Digital Yatai system, however, the teaching time has been shortened to only one day and the time required for operators to master the necessary skills to assemble the particular model has also been reduced from 12 weeks to two weeks. The time required to assemble a product has also been shortened. Introduction of the digital system has thus left tangible results. Based on this success, the Ohtawara Plant took on the next challenge, which was to introduce a digital cell production system for mass-produced models. Unlike the Digital Yatai system, operators do not assemble a product all by themselves. Instead, the assembly process is divided into several steps and each operator takes charge of one step in assembling the product.

The Plant adopted a flexible relay method for the digital cell production system so that operators could cooperate with each other to compensate for any delays in the earlier processes. The relay method was launched in September 2005 and the time required for operators to master the necessary skills was shortened as expected with this method. Also, this method allows experienced engineers at the Plant to fully display their advanced skills.

The Ohtawara Plant thus was the first to introduce the Digital Yatai system, in which operators assemble a product all by themselves, and then introduced the digital cell production system in which each operator takes charge of several steps in the assembly process for the mass production of models. The Plant's digital assembly rate will reach 68% by the end of fiscal 2007. The Plant aims to raise the rate to 100% by fiscal 2010.



Members of the Digital Yatai development and introduction team

Building a digital factory

We introduced the digital system for a variety of purposes, including improvements in productivity and reductions in the time required for new workers to master the necessary skills. However, we focused mostly on maintaining high quality through consistent operating methods. We have simplified the operating instructions displayed on the monitor screen to give higher work efficiency without compromising worker safety or product quality. We have also substantially improved the traceability of our products in preparation for any possible product defects. We have been aiming for a digital factory from the very beginning and the introduction of digital assembly was one of the efforts we made to achieve this aim. At present, the Ohtawara Plant is expanding its use of digital systems. In addition to digitizing the assembly process, we are now introducing digital systems to manage product quality and operators' skills. In the future, we will further expand the use of digital data in the prototyping of new products, management of parts, and daily production management.



Hisashi Ikeda
Manager, Production Technology
Department, Ohtawara Plant, Juki
Corporation

Digital systems can be introduced into a range of manufacturing processes, not limited to the assembly of industrial sewing machines. I hope that we can also digitize the machining process at the Ohtawara Plant and introduce digital systems to the Juki Group's SMT systems business as well.

column

Reducing Environmental Impact Through Process Improvements

The Ohtawara Plant reduced its energy use by 15% (as of the end of fiscal 2006, over the fiscal 2004 level) by improving productivity, which was made possible by the improvements made to its assembly process, including introducing the digital system to the process. The Plant was able to reduce CO₂ emissions by approximately 72 tons on an annual basis.

In addition, the Plant reduced the space required for assembly by 20% by limiting the number of parts placed on the assembly cell to the number actually required, which in turn has led to a reduction in the number of shelves used to store the parts.

ECO-MIND Declaration—Juki Group's Environmental Protection Activities

The Juki Group conducts environmental activities on a daily basis according to its Environmental Philosophy and Environmental Action Policy. We have made our ECO MIND Declaration to promote our environmental protection activities across the Group, including those to reduce our environmental impact, conserve resources and energy, and foster recycling.

The Juki Group's Approach to Environmental Protection Activities

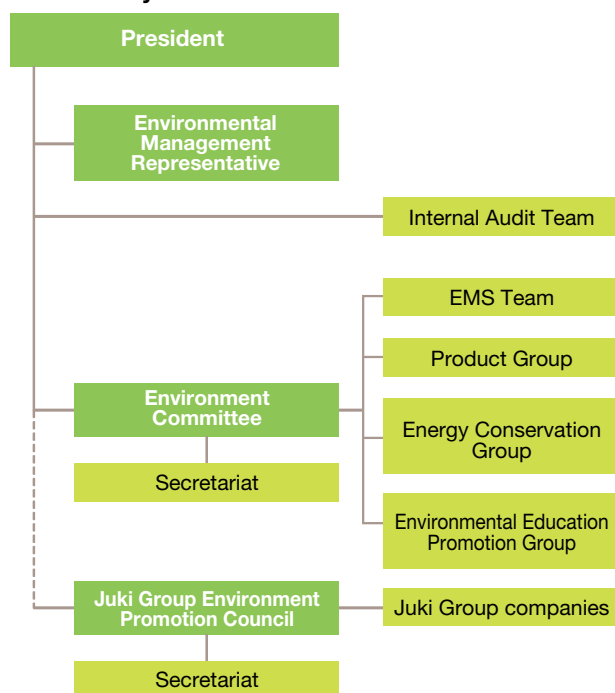
The Juki Group set out its Environmental Philosophy and Environmental Action Policy to reduce the environmental impact of its business operations and to contribute to creating a recycling-based society. Based on these, we have also formulated the Juki Group Guideline for Environmental Protection and established an Environment Committee and Juki Group Environment Promotion Council. Through these bodies, we ensure that relevant information is exchanged and distributed across the Group, which will improve the level of environmental activities across the whole Group.

Environmental Philosophy

JUKI group recognizes that activities of enterprises are closely related to the global environment, and is making efforts to:

1. Contribute to the local community and society by environment-conscious activities.
2. Provide people around the world with environmentally friendly products.
3. Play an active role to hand down a better global environment to future generations through continuous activities.

The Juki Group's Environmental Protection Promotion System



Environmental Action Policy

1. Develop technologies and products with environmental influences in mind.
2. Perform manufacturing, sales, distribution and service activities by minimizing the load on the environment.
3. Promote resource and energy saving in all business activities.
4. Promote recycling activities to make effective use of resources.
5. Observe environmental laws and regulations and establish voluntary control standards to enhance environmental protection.
6. Raise "awareness of ecological problems" among employees through educational campaigns.



Eco-chan
(The Juki Group's character used to promote environmental activities)

Environmental Management

The Juki Group is committed to contributing to the creation of a recycling-based society by reducing the environmental impact of its business operations. To this end, we have environmental management representatives at each of our Group companies under the Group's environment promotion system and are implementing environmental measures for continuous improvement.

Internal and External Audits Conducted at Each Group Company

The Juki Group companies have their ISO 14001-certified environmental management systems audited both internally and externally to check whether the systems function in an effective manner.

The companies conduct internal audits on the systems at least once a year, focusing on compliance with laws and regulations and the degree of progress toward the achievement of the predefined targets. In addition, they have the systems objectively audited by external organizations once a year. The companies make appropriate responses to comments from the auditing organizations as well as to noncompliance and matters needing improvement that are identified through internal audits.

As an internal auditor, I check the internal PDCA cycle

Since 2002, I have been serving as an internal auditor for the internal audit conducted annually by the company. Departmental managers serve as internal auditors at most companies, but Juki Corporation thinks it necessary to include general employees in the internal audit team to conduct a wide range of audit activities, and I was encouraged by those around me to be an internal auditor. Juki Corporation mainly manufactures production equipment and any defects in the equipment will have a spreading effect on our customers and others. In carrying out internal environmental audits, I am always aware of this fact.



Satoshi Inomata
Sub Manager, Development Planning Section, R&D Headquarters, Electronic Assembly and Test Systems Division, Juki Corporation

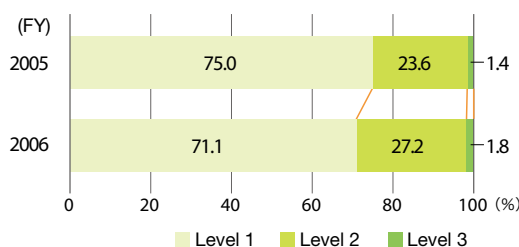
ECO MIND Survey 2006

Juki Corporation has been conducting its ECO MIND survey since fiscal 2005 to classify employees' environmental knowledge and behavior into three levels to determine their present level of knowledge and raise their environmental awareness.

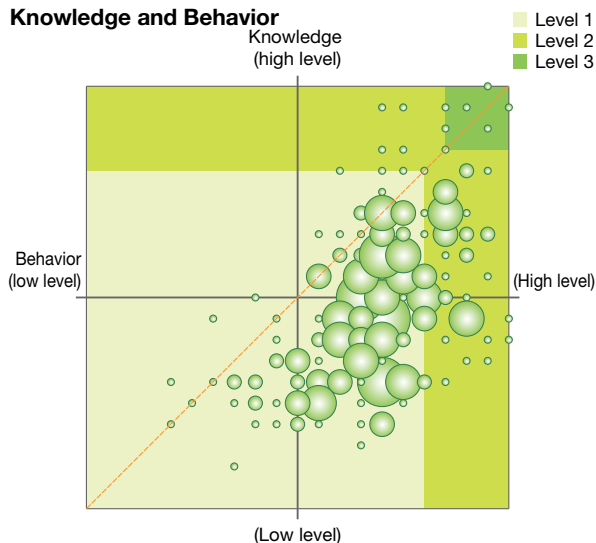
The fiscal 2005 survey revealed that employees did not have sufficient knowledge of environmental terms, and in response to this problem, we published feature articles to introduce environmental terms that were particularly unfamiliar to employees in the issues of our in-house magazine during fiscal 2006. In the fiscal 2006 survey, the overall environmental level of employees rose from that in fiscal 2005. We are now studying how to give collective education to employees in fiscal 2007 so that they can acquire a greater degree of environmental knowledge.

We aim to continue the ECO MIND survey and study the mechanism through which employees can acquire more knowledge about environmental problems and actually take action to protect the environment. At the same time, we will expand the target of this survey to include other Juki Group employees.

Percentage of Employees at the ECO MIND Levels



Knowledge and Behavior



Many employees behave at a high level towards the environment although their level of environmental knowledge is low.

Environmental Education

ISO 14001-certified Juki Group companies give environmental training to all their employees. The companies distribute ECO MIND cards on which their environmental policies are written to their employees and employees carry the cards with them so that they will be constantly aware of environmental issues.

In addition, ISO 14001-certified companies increase the number of internal auditors and give level up training to existing internal auditors as required, thereby improving the skills of individual auditors and their environmental management systems.



Juki Corporation's ECO MIND card

ISO 14001 Certification

All the manufacturing companies in the Juki Group that have yet to acquire certification are making efforts to acquire it by the end of fiscal 2007.

Group companies acquiring certification in fiscal 2006



Juki Yoshino Kogyo Corporation



Juki Akita Seimitsu Corporation



Suzutami Precision Industry Co., Ltd.



Juki Miyazaki Seimitsu Corporation

Environmental Enlightenment Activities

We hold an environmental event every June and encourage applications for our *senryu* (satirical Japanese haiku) contest on environmental issues. In fiscal 2006, we started to publish an "eco-chan blog" in our in-house magazine to raise the environmental awareness and knowledge of employees.

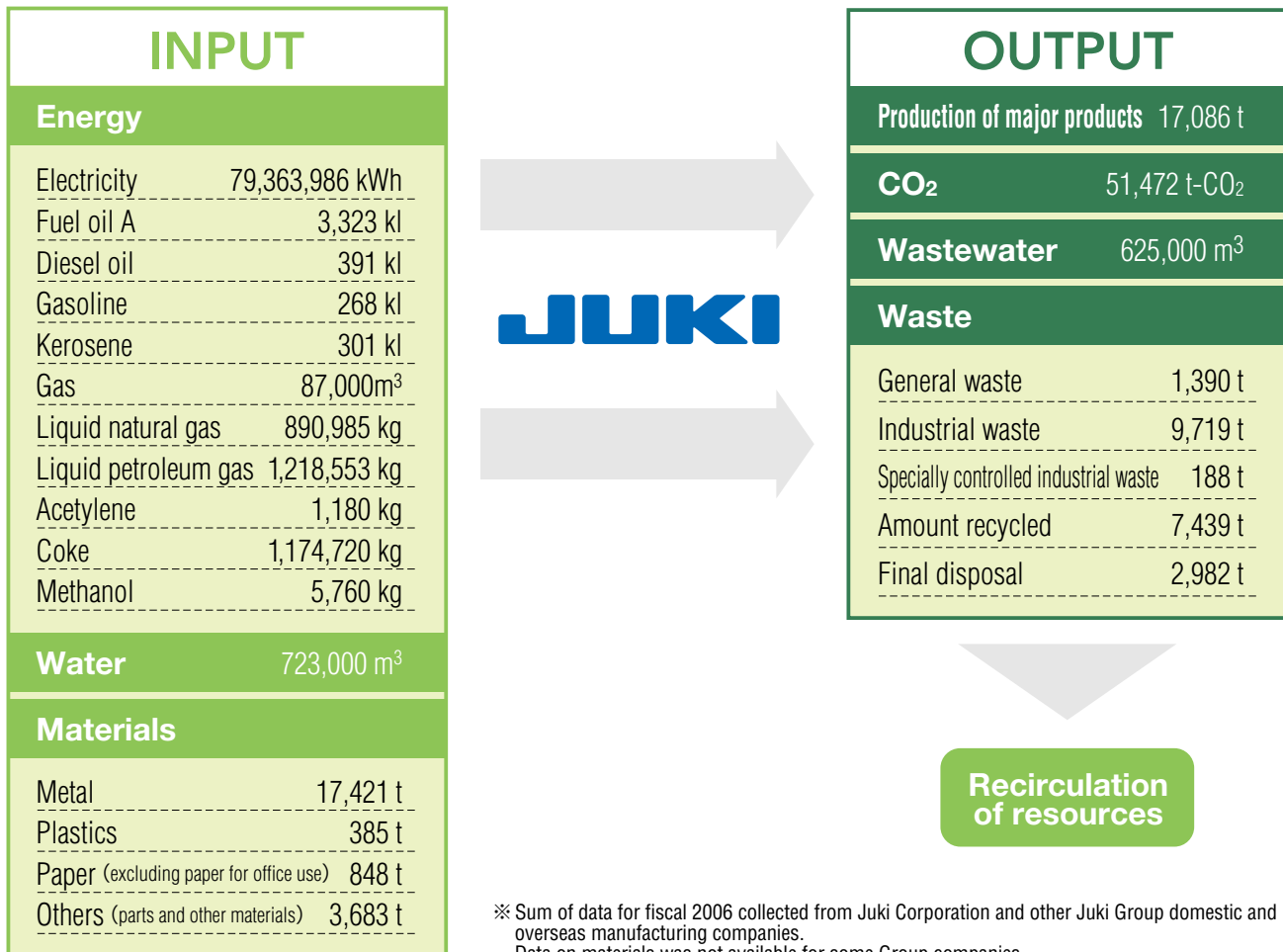
Acquisition of ISO 14001 Certification (by Head Office and Manufacturing Companies)

	Name of the Company	Certification date
Japan	Head office of Juki Corporation	June 2001
	Ohtawara Plant of Juki Corporation	June 2001
	Juki Denshi Kogyo Corporation	May 2005
	Juki Yoshino Kogyo Corporation	September 2006
	Juki Akita Seimitsu Corporation	November 2006
	Juki Aizu Corporation	August 2007
	Matsumoto Machinery Industrial Corporation	May 2005
	Head Office Plant of Juki Seimitsu Corporation	December 2005
	Shirakawa Plant of Juki Seimitsu Corporation	October 2005
	Suzutami Precision Industry Co., Ltd.	September 2006
	Juki Metal Corporation	March 2008 (planned)
	Juki Hiroshima Corporation	March 2008 (planned)
	Juki Matsue Corporation	March 2006
	Juki Miyazaki Seimitsu Corporation	January 2007
Overseas	Juki Xinxing Industry Co., Ltd.	January 2003
	Juki (Shanghai) Industrial Co., Ltd.	April 2007
	Juki (Ningbo) Precision Industrial Co., Ltd.	May 2005
	Juki (Ningbo) Parts Manufacturing Co., Ltd.	March 2008 (planned)
	Shanghai Juki Sewing Machine Co., Ltd.	March 2008 (planned)
	Juki (Shanghai) Precision Machinery Co., Ltd.	March 2008 (planned)
	Juki (Vietnam) Co., Ltd.	July 2007
	Union Special Corporation	March 2008 (planned)

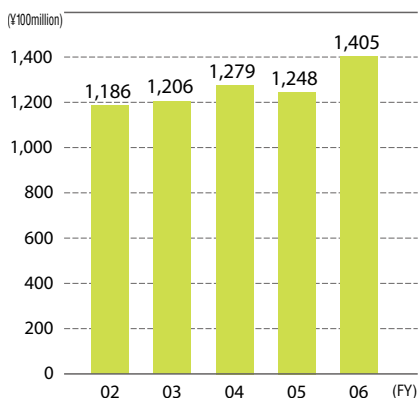
Environmental Impact of the Juki Group's Business Activities

The Juki Group uses a lot of energy and resources in manufacturing its products, including precious minerals used for parts and materials. In light of this fact, we are endeavoring to make effective use of resources and energy, and to identify the environmental impact of our business activities.

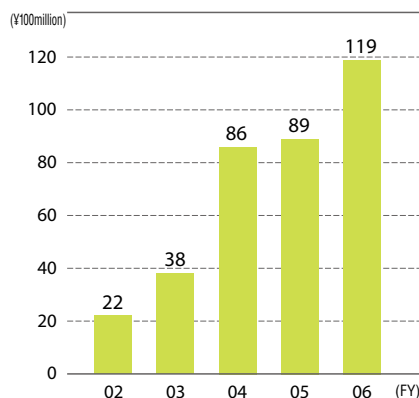
Input and Output Associated with Business Activities



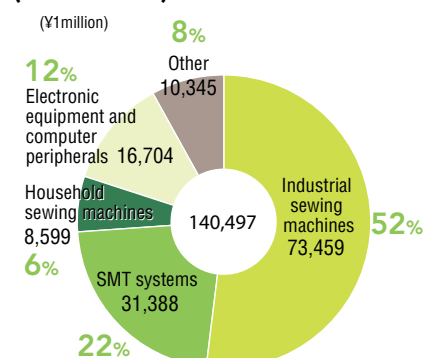
Net Sales (Consolidated)



Ordinary Income (Consolidated)



Net Sales by Business Segment (Fiscal 2006)



Environmentally Conscious Product Development

The Juki Group is committed to procuring materials and parts that have met both domestic and overseas regulatory requirements. We are implementing measures to conserve energy, reduce our environmental impact, mitigate noise and vibration from our products, and reduce the generation of waste for manufacturing products in an environmentally conscious manner.

Basic Policies for Product Development

The Juki Group believes that products should be environmentally friendly as a prerequisite to satisfying our customers. Based on this idea, we are developing more energy- and resource-saving products with lower environmental impact. In the procurement of parts and materials, we formulated the Juki Group Green Procurement Guidelines and are implementing measures to reduce our environmental impact based on these guidelines.

In order to improve the recycling rate for products and parts, we use a checklist to confirm that the design is environmentally conscious at the product design stage. Specifically, we use the list to check for the use of single plastic material, use of general-purpose plastics, reduced use of coating and plating materials, and other



Computer-controlled cycle sewing machine (AMS-221E)

items to improve the recyclability of our products at the disposal stage.

Furthermore, for even greater savings on energy, we set numerical targets for energy saving designs at the product planning stage and implement measures to achieve those targets.

Environmentally Conscious Design of Industrial Sewing Machines

We have set guidelines on the following items for each of our industrial sewing machine models: energy conservation, resource conservation, oilless bearings, low noise, low vibration, and low heating.

In fiscal 2006 in particular, we made great achievements with our energy-saving measures. For example, we improved the productivity of the AMS-221E, our new model of computer-controlled cycle machine, by nearly 32%^{※1} while keeping its power consumption at the same level as conventional models. We also increased the speed of the APW-895 lockstitch pocket welting machine by up to 54%^{※1} while reducing its power consumption by an average of 60%.

※1. Comparison with Juki's conventional machines.

※2. RoHS is an abbreviation for "Restriction of the use of certain Hazardous Substances in electrical and electronic equipment" and the RoHS Directive prohibits the use of six hazardous chemical substances (lead, hexavalent chromium, mercury, cadmium, PBB, and PBDE) in computers, communications devices, and home electrical appliances. The Directive became effective in EU member states in July 2006 and the export of products containing these hazardous substances to member states has since been prohibited.

Delivering environment- and user-friendly sewing machines

In the course of contacting large numbers of customers at the Product Planning Department over many years, I have felt that they hold strong expectations of the Juki Group and feel responsible for meeting their expectations. I am now leading product development at the Industrial Sewing Machine Division, and we are expected to be two steps ahead of the competition in technology. But I want to make sure that my technological team is three steps ahead. In environmental measures, we naturally believe it necessary to avoid the use of hazardous substances, and now voluntarily meet the requirements of the RoHS Directive^{※2}, although industrial sewing machines are not regulated by the Directive. With intensified competition, we would like to be an advanced manufacturer not only in terms of product performance and functions but also in terms of environmental friendliness. In addition, we want to deliver to customers user-friendly machines with reduced levels of noise and vibration in use, so that operators feel comfortable in using them.



Toshinobu Shinozuka
Operating Officer, General
Manager of R&D Headquarters
Industrial Sewing Machine
Division

Environmentally Conscious Design of Household Sewing Machines

We have completed measures to meet the requirements of the RoHS Directive for household sewing machines, including modifications to the design drawings and improvements to the inspection system. With regard to environmental regulations on general consumer products, including the Japanese Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging, we are continuously implementing measures for compliance. In addition, we are reducing noise, vibration, power consumption, and weight of our household sewing machines so that they will be more comfortable to use in the home.

Environmentally Conscious Design of SMT Systems

We promote environmentally conscious designs for our SMT systems in line with the Juki Group Green Procurement Guidelines.

While meeting the needs for higher product performance and functions, we have been continuing our efforts to produce more power-saving products by improving the efficiency of their electrical parts. For the high-speed model FX-1R, we adopted a linear motor to improve its speed and reliability and to reduce vibration and noise from the product. Our pick and placers feature a high degree of compatibility with various software applications and peripheral devices. This means that customers are able to continue to use their existing assets after introducing our new pick and placer models, and this in turn contributes to protecting the environment.

Environmentally Conscious Design of Electronic Equipment and Computer Peripherals

Juki Seimitsu Corporation develops and manufactures coin hoppers for arcade machines. The company became the first coin hopper manufacturer to adopt direct-current motors for coin hoppers and increased the speed of the machines by 30 to 40% compared with conventional products using alternating-current motors, while downsizing and reducing the power consumption of the machines. In recent years, vendors of coin hoppers have been promoting environmental measures such as voluntary responses to the RoHS Directive, and Juki Seimitsu also introduced X-ray fluorescence instruments and UV examination equipment to independently check the parts and materials procured by the company. The company is also continuously engaged in the collection and recycling of end-of-life products.

Our designers are well aware of the importance of environmentally conscious design

In recent years, environmental regulations on products have been strengthened, as represented by the RoHS Directive. In striving to meet the requirements, I think we product designers have naturally become more aware of the importance of environmentally conscious design. I am now engaged in designing new models and naturally consider the environmental impact of the models I design and think about ways to develop more power- and resource-saving products.



Atsushi Shiraishi
1st Development Department
R&D Headquarters
Household Sewing Machine
Division
Juki Corporation

We would like to contribute to the environment by providing compatible products

At present, I am engaged in developing electrically-operated parts feeders. In the development process, we must give higher priority to precision in the stopping position of the feeder than with mechanical products so that our machines will not damage our customers' parts. It is difficult to develop this level of machine while also meeting the need for increasingly sophisticated control functions. In order not to compromise the compatibility of Juki pick and placers, we are studying designs for feeders that can be used with mechanical feeders.



Joji Shimokawa
Chief Engineer
R&D Headquarters
Electronic Assembly and
Test Systems Division
Juki Corporation

We must think how to overcome current environmental problems

Model changes in arcade machines are introduced in very short cycles, and designers of coin hoppers tend to devote themselves to solving the immediate problems. As a development manager, I feel unhappy about this situation and would like to give my team members opportunities to engage in more advanced research activities. I believe that as designers and engineers, we have to think about measures that will truly overcome the current environmental problems.



Yasumitsu Ogawa
Manager
Development Department
Juki Seimitsu Corporation

Anti-Global Warming Measures

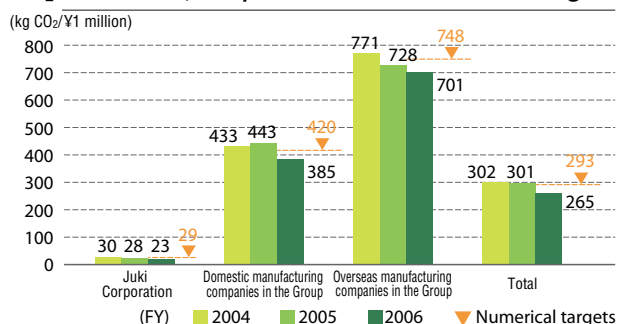
Carbon dioxide (CO₂) is the largest contributor to global warming, and the Juki Group is acting to reduce its CO₂ emissions. In particular, our plants – the production bases for the Group – are implementing their own individual anti-global warming measures, giving first priority to reducing their CO₂ emissions.

Reducing Power Consumption and CO₂ Emissions

The Juki Group has been acting to reduce its CO₂ emissions. As a prerequisite to reducing CO₂ emissions, we are acting to decrease the amount of power we consume. For example, our plants are improving their productivity by eliminating unnecessary wait times and other losses in their processing work, using power-saving fluorescent lamps, and turning off the lights during lunch time. In addition the Ohtawara Plant is reducing the time required for cutting work by adopting new cutting methods. Juki Hiroshima Corporation optimized the layout of its factory to increase energy conservation.

As a result, in fiscal 2006 the Juki Group was able to reduce its CO₂ emissions by 1.56% in terms of total emissions and by 12.3% in terms of the ratio to sales compared with the fiscal 2004 levels. Our total power usage, however, increased by 8.67% or by approximately 790 million kWh due to increased equipment operating hours. In the future, we will implement further measures to reduce our CO₂ emissions.

CO₂ Emissions (Compared with the numerical targets)



Planting Trees and Flowers Within the Factory Premises

Both within and outside Japan, the Juki Group manufacturing companies and factories are planting trees and flowers within their premises to reduce their CO₂ emissions and protect the environment. The Japanese Factory Location Act provides that at least 20% of factory land should be green land. At the Ohtawara Plant, which is the mother plant in the Juki Group, green space accounts for as much as 39% of the total area and if the fountain, pond, and playing ground located within the premises are included, the green land and environmental facilities together account for 47% or almost half of the entire premises. In fiscal 2006, greenery was planted over the former site of the wastewater treatment facility extending over 570 square meters and forming part of the Plant's garden, and the outdoor lights in the garden were replaced with solar-powered lamps, which resulted in a 340 kg reduction in CO₂ emissions.



Surrounded by beautiful flowers: the premises of Juki (Vietnam) Co., Ltd. in Ho Chi Minh City

column

Plum Trees at the Ohtawara Plant

When the Plant was constructed about 36 years ago, employees at the Plant donated money to plant approximately 200 plum trees. The number of trees has since increased and now exceeds 300. The employees make *umeshu* (plum wine) and *umeboshi* (pickled plum) using the plums harvested from the trees and send them to other Group companies

as well. Employees at the other Group companies are pleased to receive these natural products. When the plum blossoms bloom, the Plant holds a plum blossom viewing party inviting the employees, their families, and local inhabitants. The Plant thus uses the plum trees as a communication tool.



Resource Conservation Measures

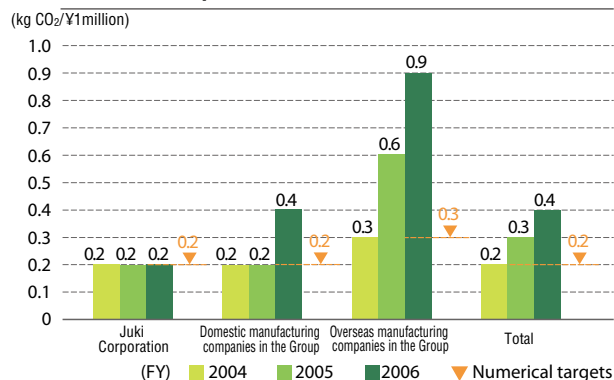
We are continuing our 3Rs (Reduce, Reuse, and Recycle) efforts for resource conservation, including a reduction in the paper used for copying and printing, even more effective use of resources, and reduction of waste generated by offices and factories.

Effective Use of Paper Resources

In fiscal 2006, we set the target of reducing paper use across the Group. Specifically, we promoted the digitization of conference materials, use of both sides of copied and printed paper sheets, and paperless business operations using email. Juki Miyazaki Seimitsu Corporation is also promoting a paperless production management system.

In fiscal 2006, however, the paper use increased by 88.2% in terms of total amount and by 67.6% in terms of the ratio to sales compared with the fiscal 2004 levels. We must and will make further efforts to reduce our paper use.

Purchase of Paper



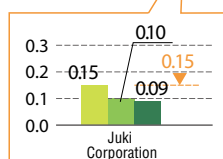
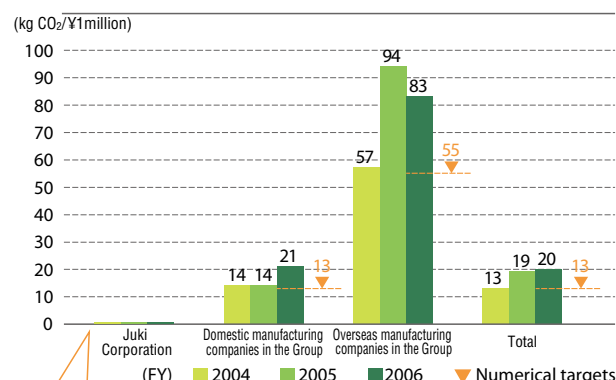
Reducing Waste

The Juki Group is committed to reducing waste.

Specifically, we are recycling waste plastics, cleansing liquids, edged tools, and pallets (wood chips), using cutting oil more efficiently, and reducing the use of waste cloths. Our factories are implementing their own individual measures to reduce the amount of waste.

In fiscal 2006, however, due to increased production quantities, the volume of waste increased by 66.6% in terms of total amount and by 48.5% in terms of the ratio to sales compared with the fiscal 2004 levels. We therefore must and will make more efforts to reduce waste.

Amount of Incinerated and Land-filled Waste



column

Energy Conservation at the Ohtawara Plant

The Ohtawara Plant covered the roof of its factory with heat insulating materials, and this "double-roofing" substantially increased the efficiency of its air conditioning. The Plant also installed ceiling fans in its assembly factory which has a high ceiling. These measures enabled the Plant to reduce its energy consumption significantly.

Praised for these energy conservation efforts, the energy manager of the Plant received a monthly commendation from the chairperson of the Kanto District Power Use Rationalization Committee of the Japan Electric Association in February 2006.



In order to provide customers with environmentally-conscious products, the Juki Group formulated the Juki Group Green Procurement Activity Guideline in August 2004 and has since been conducting green procurement activities.

Based on its ECO MIND Declaration, the Juki Group formulated the Juki Group Green Procurement Activity Guideline in August 2004 and has since been promoting green procurement. Utilizing the study data and technical materials accumulated in the course of these efforts, we have been designing, developing, and manufacturing products in compliance with the Guideline.

In fiscal 2006, we responded to the RoHS^{*1} Directive that came into force in the EU in July 2006, and to China's RoHS Directive that came into force in March 2007.

Maintenance and Management of the Green Procurement Systems

The Juki Group has green procurement systems at all its manufacturing bases both within and outside Japan. Analyzers at each of our major bases check for the environmental friendliness of the materials delivered to our bases. The analysis data are stored in databases created for each product item.

The Juki Group uses chemical substances in the manufacture of industrial sewing machines, pick and placers, and other products, and we are strengthening measures to minimize the environmental impact of all the chemical substances used in our products. Each of our factories has their own rules for the management of these substances and ensures safety right through the purchase, use, storage, and disposal stages of these chemicals as set out in their MSDSs.※2

We are also committed to reducing the use of hazardous organic solvents in the parts cleaning and degreasing processes. In 2001, we discontinued the use of trichloroethylene and dichloromethane at the Ohtawara Plant.

In fiscal 2006, Juki Aizu Corporation's Nishiaizu Plant replaced dichloromethane used in the parts cleaning process with water soluble agents and discontinued the use of dichloromethane. Matsumoto Machinery Industrial Corporation has introduced vacuum cleansing equipment for its parts cleaning process and plans to discontinue the use of trichloroethylene within fiscal 2007.

※ 1. RoHS: See p. 18.

- ※ 2. MSDS is the acronym for Material Safety Data Sheet, which shows information required for the safe treatment of chemical substances (information on ingredients, disposal method, emergency treatment method, etc.). Manufacturers publish MSDSs for each of their products.

Central Database on Juki Group Green Procurement

Juki Group Design/Development Bases

- Design for Environment
- Design and Development
- Design for Environment Check List
- Green Procurement Design Evaluation Sheet

Juki Group Manufacturing Bases (Domestic and Overseas)

- Manufacturing
- Components, packing materials, and Auxiliary Materials of Products

Maintenance and Management of Conformity

- Conformity Analysis and Evaluation
- Records
- Verification of Conformity of Shipping Products

Green Procurement Transaction with Customers

- Check
- Conforming Articles
- Improvement
- Verification

Warranty

Products conforming to the Juki Group Green Procurement Activity Guideline To Our Customers

Improvements in Transportation and Packaging

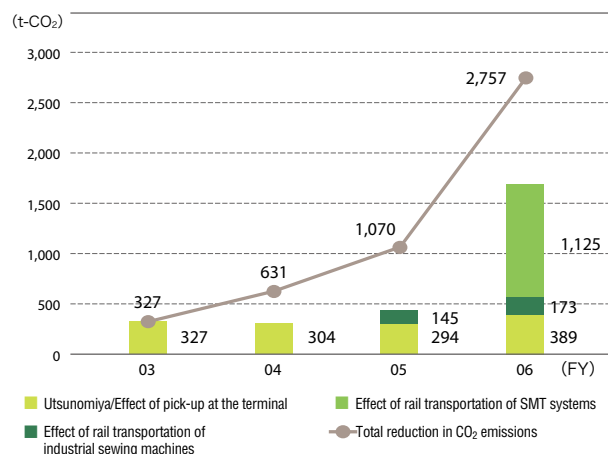
The Juki Group has long been aware of the importance of improving the methods used to transport its products and of promoting a modal shift to freight transportation modes that have less environmental impact. As for packaging, we have developed reinforced cardboard materials and returnable packaging that can be used repeatedly to reduce waste and foster recycling.

Rail Transportation Reduces CO₂ Emissions

Juki Corporation has long been aware of the importance of saving waste in its transportation activities and has been replacing trucks by rail as a means of transportation to reduce CO₂ emissions.

Our efforts to make transportation more environmentally-friendly started in April 2001. First of all, we changed the transportation method for our industrial sewing machines being exported to overseas countries. We had been transporting empty freight containers from Tokyo and Yokohama Ports to our plant in Ohtawara City in Tochigi Prefecture by truck, but decided to shorten the transportation distance for these empty freight containers by transporting them to the plant from the local international freight terminal in Utsunomiya City. Subsequently in November 2004, in cooperation with Hitachi Transport System, Ltd. and Japan Freight Railway Company, we introduced a new transportation system, in which we transport home electrical appliances imported by Hitachi from Tokyo and Yokohama to Utsunomiya, and Juki products from Utsunomiya to Tokyo and Yokohama by rail. Furthermore in April 2006, we expanded the use of rail transportation to our SMT systems and started to pick up containers for SMT systems at Akita and Sendai and transport them from Akita where our factory for SMT systems is located to Tokyo and Yokohama by rail. These changes enabled us to reduced CO₂ emissions from the transportation of our products by 1,687 tons annually.

Reduction of CO₂ Emissions



Developing Reinforced Cardboard Packaging for Heavy Products

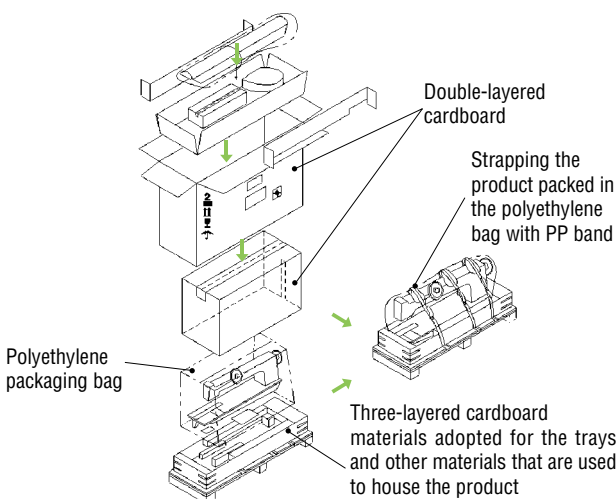
To make our use of resources more efficient, and to reduce waste, we are reducing the use of packaging materials for transportation, promoting the use of recyclable packaging materials, and developing new environment-friendly packaging technologies.

One of the core products the Juki Group manufactures is industrial sewing machines, which are usually heavy and have complex shapes. Traditionally we used wooden crates for the products, which were discarded after transportation. The wood required heat treatment to prevent damage from insects. In addition to the cost of heat treatment, it takes time to open a wooden crate. As a result, we started to replace the wooden crates with cardboard packaging that can be recycled as paper.

For example, Juki Corporation replaced the wooden crates conventionally used to ship its heavy sewing machines for thick leathers (the LG-158 weighs 108 kg) with cardboard packaging.

For the new automatic machines, we developed returnable packaging made of reinforced cardboard. The materials used are specially durable and easy to handle to support the metal strapping used to secure the sewing machines. And the packaging can be folded compactly after transportation to make them easy to return.

Cardboard packing for the LG-158



Environmental Targets and Results for Fiscal 2006

Since the launch of our Group's environmental management system in 2004, we have set specific environmental targets for our environmental protection activities to reduce our CO₂ emissions and decrease the amount of incinerated and land-filled waste, and monitoring our progress in achieving the targets.

The Juki Group's Environmental Targets and Results for Fiscal 2006

Environmental Target	Numerical Target	Results	Evaluation	Activities for Fiscal 2007
Reduction in CO ₂ emissions	3.0% reduction over the fiscal 2004 levels (in ratio to sales)	Reduced by 12.3%	◎	For fiscal 2007, we have set a target of a 4.5% reduction over the fiscal 2004 level in the current 2005-2007 Medium-Term Management Plan, but will achieve a 6.0% reduction within fiscal 2007, earlier than planned in the next Medium-Term Management Plan.
Reduction in incinerated and land-filled waste	2.0% reduction over the fiscal 2004 level (in ratio to sales)	Increased by 48.5%	×	The numerical target for fiscal 2006 was set based on the data for fiscal 2004. For fiscal 2007, however, using the relatively accurate data we have obtained so far in fiscal 2006, we will set a new numerical target.
Reduction in the amount of paper purchased for office use	5.0% reduction over the fiscal 2004 level (in ratio to sales)	Increased by 67.6%	×	The numerical target for fiscal 2006 was set based on the data in fiscal 2004. For fiscal 2007, however, using the relatively accurate data we have obtained so far in fiscal 2006, we will set a new numerical target.
Compliance with environmental laws	Noncompliance cases: zero	One case	×	Oversight of notification relating to the Law concerning the Rational Use of Energy. We will continue our compliance activities.

Evaluation: ◎ Achieved, ○ Almost achieved, △ Nearly achieved, × Not achieved

Juki Corporation's Environmental Targets and Results for Fiscal 2006

Theme	Targeted Div./Dept.	Target, Policy, and Measures	Numerical Target	Results	Evaluation	Activities for Fiscal 2007
Product	Household Sewing Machines	Reduction in power consumption	F Series: a 15% reduction over conventional models	30.2% reduction	◎	Expand the activities to include other models
Sales and planning	Industrial Sewing Machines	Digitization of sales promotion tools	Creation of six support tools in the latter half of the year	Six tools created	◎	- Continue the activities - Reduce the volume of documents attached to products by simplifying and digitizing instruction manuals
	Electronic Assembly and Test Systems	Use of effective sales promotion media	100% scheduling	100%	◎	- Continue the activities - Reduce the use of paper by using CDs and DVDs
	Public Relations and IR	Environmentally friendly publication (of annual reports, data books, in-house magazines) on a continuous basis	100% use of recycled paper and soybean ink	100%	◎	Continue the established practice as a daily management item
	Household Sewing Machines	Promotion of WEEE ^{※1} producer registration	100% achievement of the action plans	100%	◎	Continue the activity to complete the registration procedures in all countries
Green procurement	Industrial Sewing Machines	Promotion of green procurement at the development stage	100% setting of green procurement schedules	100%	◎	Continue to implement similar policies
	Electronic Assembly and Test Systems	Green procurement measures at the development stage	100% design change for green procurement	90.9%	○	Clarify the design rules after building the database
	Household Sewing Machines	Green procurement measures at the development stage	100% design drawing change for green procurement	100%	◎	Examine a mechanism to ensure 100% green procurement
	Household Sewing Machines	Green procurement measures for goods to be supplied	100% achievement of action plans	100%	◎	- Already met the requirements for six substances regulated under the RoHS Directive ^{※2} - Continue to meet the requirements for other nine substances to be voluntarily regulated
Green transportation	Industrial Sewing Machines	Reduction of CO ₂ emissions by modal shift	Reduction of 500 t-CO ₂	1,072 t-CO ₂	◎	Add a new indicator for modal shift
	Central R&D Laboratory	Package design to take into account container load efficiencies	100% achievement of the standards	100%	◎	Continue the established practice as a daily management item
	Central R&D Laboratory	Collection of transportation data for appropriate package designing	Data collection rate: 70%	78.5%	◎	Coordinate with local corporations to collect data from local customers
Office	Entire company	Reduction in CO ₂ emissions	1.5% reduction over the previous fiscal year	7.3%	◎	Continue to implement similar measures
	Entire company	Reduction of incinerated and land-filled waste	10% reduction over the previous fiscal year	5.6%	△	Continue to implement similar measures
	Entire company	Reduction in the purchase of paper for office use	10% reduction over the previous fiscal year	Increased by 5.4%	×	The reduction system did not work well despite the changes made to the system. In fiscal 2007, the reduction will be made a business target
Other	General Quality Management Dept.	Support for both domestic and overseas Group companies in the acquisition of EMS certification	100% achievement of EMS improvement plan	100%	◎	Continue to give support
	General Quality Management Dept.	Publication of the <i>Environmental Report 2006</i> and updating of the environmental web pages on the corporate website	100% achievement of the implementation plans	63%	△	Publish the report as scheduled in fiscal 2007 (the publication was substantially delayed in fiscal 2006)

Evaluation: ◎ Achieved, ○ Almost achieved, △ Nearly achieved, × Not achieved

※ 1. WEEE is the acronym for Waste Electric & Electronic Equipment and the WEEE Directive mandates manufacturers of electrical and electronic devices in EU member states to collect and recycle end-of-life products to prevent inappropriate disposal and reduce waste. It corresponds to the Japanese Home Appliance Recycling Law. According to the Directive, manufacturers have to pay all the waste-related costs of products released in the EU market in and after August 2005.

※ 2. RoHS: See p. 18.

Environmental Performance Data

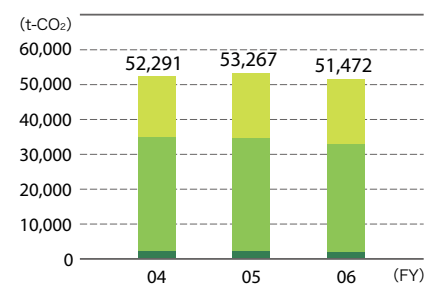
The following table shows our environmental performance data for the past three years. We will further expand the scope of our environmental performance data to include more items and will strive to improve our environmental performance.

Environmental Performance Data

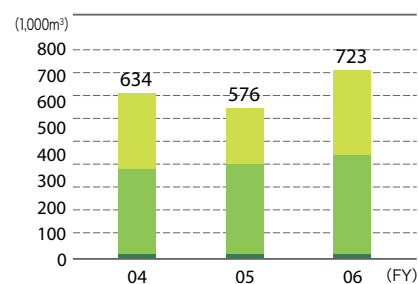
	Item	Fiscal 2004	Fiscal 2005	Fiscal 2006
Juki Corporation	CO ₂	2,267 t-CO ₂	2,173 t-CO ₂	2,014 t-CO ₂
	Electricity	4,670,554 kWh	4,756,663 kWh	4,565,168 kWh
	Fuel oil A	122 kl	81 kl	53 kl
	Gas	9,000 m ³	9,000 m ³	16,000 m ³
	Gasoline	64 kl	59 kl	48 kl
	Water	19,000 m ³	19,000 m ³	17,000 m ³
	Wastewater	19,000 m ³	16,000 m ³	15,000 m ³
	Final waste disposal	2 t	0.5 t	0.2 t
	Total waste generation	74 t	74 t	96 t
Other domestic manufacturing companies in the Group	CO ₂	32,634 t-CO ₂	32,583 t-CO ₂	30,934 t-CO ₂
	Electricity	38,652,030 kWh	41,792,702 kWh	41,401,695 kWh
	Kerosene	313 kl	345 kl	301 kl
	Fuel oil A	4,298 kl	3,852 kl	3,270 kl
	Liquid petroleum gas (LPG)	502,299 kg	489,413 kg	424,524 kg
	Gasoline	115 kl	112 kl	102 kl
	Light oil	167 kl	138 kl	128 kl
	Acetylene	482 kg	601 kg	205 kg
	Coke	1,038,700 kg	1,042,340 kg	1,174,720 kg
	Methanol	4,960 kg	6,240 kg	5,760 kg
	Water	325,000 m ³	342,000 m ³	382,000 m ³
	Wastewater	302,000 m ³	297,000 m ³	328,000 m ³
	Final waste disposal	378 t	375 t	867 t
	Total waste generation	5,254 t	5,458 t	6,794 t
Overseas manufacturing companies in the Group	CO ₂	17,390 t-CO ₂	18,511 t-CO ₂	18,524 t-CO ₂
	Electricity	29,707,247 kWh	32,545,713 kWh	33,397,123 kWh
	Kerosene	0.2 kl	0.2 kl	0.4 kl
	Gas	41,000 m ³	40,000 m ³	72,000 m ³
	Liquid natural gas (LNG)	978,434 kg	960,671 kg	890,985 kg
	Liquid petroleum gas (LPG)	821,372 kg	832,627 kg	794,029 kg
	Gasoline	129 kl	128 kl	118 kl
	Light oil	256 kl	281 kl	262 kl
	Acetylene	420 kg	600 kg	975 kg
	Water	290,000 m ³	215,000 m ³	324,000 m ³
	Wastewater	197,000 m ³	259,000 m ³	283,000 m ³
	Final waste disposal	1,274 t	2,349 t	2,114 t
	Total waste generation	2,482 t	4,135 t	4,406 t

※ This table shows environmental performance data of Juki Corporation and other manufacturing companies in the Group shown on p. 7.

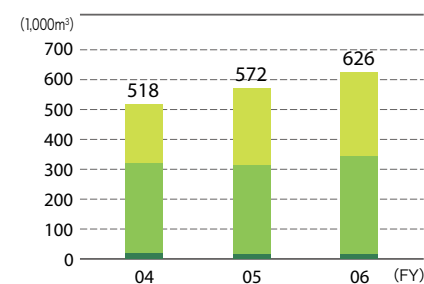
CO₂



Water



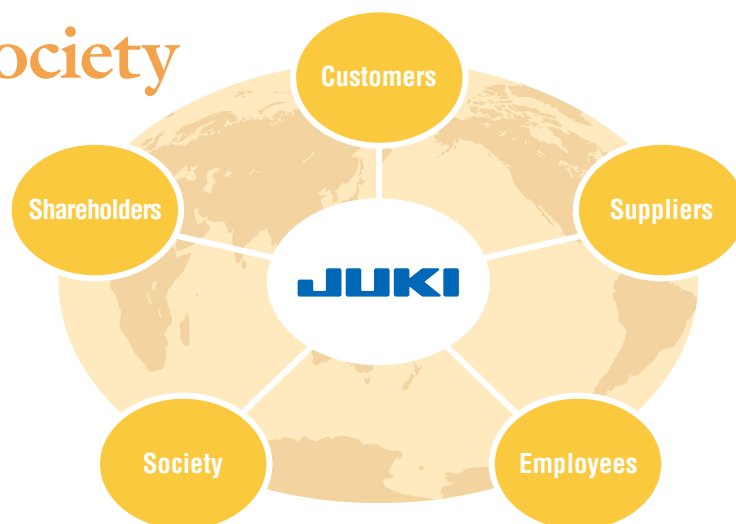
Wastewater



■ Juki Corporation
■ Other domestic Group manufacturing companies
■ Overseas Group manufacturing companies

Harmony with Society

As a prerequisite for opening its activities to the public, the Juki Group discloses information including its corporate information actively and fairly to its stakeholders and shareholders based on the Juki Company Code of Conduct. We are also committed to being a corporate group that people value. To this end, we encourage communication with society at large and contribute to social development through exchanges with local communities and participation in social activities. In addition, we are endeavoring to provide employees with safe and comfortable workplaces.



Communication with Stakeholders

Relationship with Customers and Suppliers

In addition to responding to inquiries and requests from customers, we constantly disclose information that allows us to progress hand in hand with our suppliers as an integral part of the apparel industry.

Visiting customers all over the world to help them improve their factories

The Sewing Research Institute provides consulting and plant design services to new customers who will introduce Juki's industrial sewing machines. It also provides consultation on how to make plants more productive, makes proposals for improvements, and gives support to existing customers on developing human resources. For nearly 50 years since its foundation in 1959, the Institute has been exclusively engaged in customer services. At present, Juki's major customers are located in overseas countries including China and Southeast Asia, and accordingly, I spend half of the year traveling abroad and visiting customers' factories to help them identify and solve problems. We want to give true satisfaction even to our overseas customers, and since we cannot visit them frequently because of the long distances between us, in addition to just supplying them with products, we also provide them with knowledge and expertise useful for managing their factories.

Satoshi Sasaki

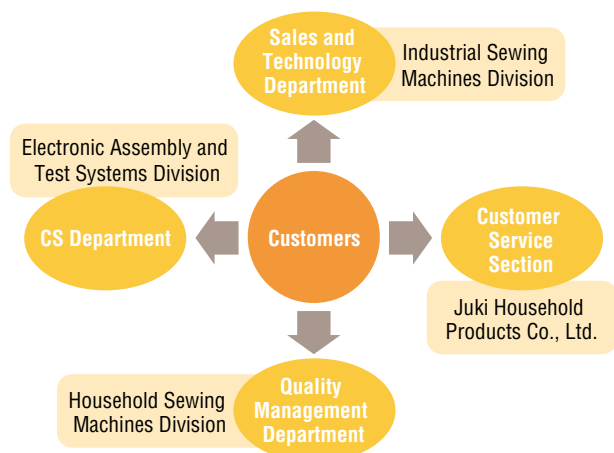
Chief of the First Section, Sewing Research Institute,
Industrial Sewing Machines Division, Juki Corporation



Increasing Customer Satisfaction (CS)

To ensure customer satisfaction, each of our divisions has its own system to respond to inquiries from customers. We also accept inquiries through our website.

System to Respond to Inquiries from Customers



Product Safety

In order to provide customers with safe products, we have set the basic rules to be followed in each of the following product stages: planning, development, procurement of materials, manufacturing, marketing, and after-sale service.

When a safety-related problem arises for a product or may arise due to changes in the environment surrounding the product or because of an unexpected product defect, we respond promptly and appropriately to ensure customer safety. In addition, we clarify the cause of the problem and implement measures to prevent the recurrence of similar problems. We also comply with product safety-related laws and regulations and continuously review and improve our product safety measures.

Quality Assurance System

In our 2005-2007 Medium-Term Management Plan, we made quality assurance our basic goal, and this means increasing customer satisfaction and improving our corporate value. Based on this concept, we are establishing a group-wide quality assurance system under the supervision of the Chief Quality Officer (CQO).

In addition, Juki Group manufacturing companies are building and improving their quality management systems and 100% of domestic Group companies and 43% of overseas Group companies have already acquired ISO 9001 certification.

In November 2006, we established a quality management team in each of our divisions to strengthen our ability to respond to customers' needs for higher CS. These teams now promote quality assurance in closer contact with customers.

Seminars for Partner Companies

The Juki Group holds annual seminars for its partner companies to help them improve their product quality. In November 2006, we held a seminar for 75 partner companies at our Ohtawara Plant. At the seminar, Mr. Ryutaro Kawano from the Research & Development Center at the Tokyo Electric Power Company gave a lecture on using technology to prevent human errors.

At the seminar, 12 suppliers that had met the Juki Group's evaluation criteria for quality, due dates, and costs were commended, and those who had met the quality assurance criteria for products supplied to the Juki Group were awarded the relevant certifications.

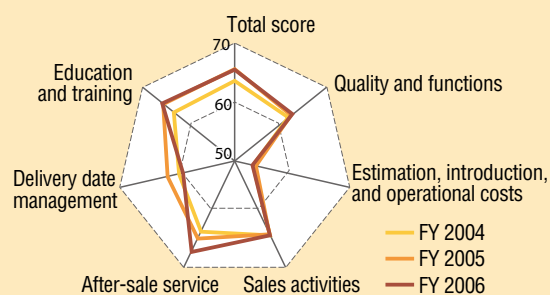


Seminars for partner companies held at the Ohtawara Plant in November 2006

column

CS at the Electronic Assembly and Test Systems Division

The Electronic Assembly and Test Systems Division of Juki Corporation has been conducting customer satisfaction surveys since fiscal 2004. The Division uses the opinions it receives from customer surveys to improve its products and services.



Relationship with Stakeholders

In fiscal 2006, we achieved a record for both operating income and ordinary income on a consolidated basis. As a result, we were able to pay a dividend of ¥10 per share, up ¥4 over the previous fiscal year. We will continue to provide shareholders and investors with effective information in a timely manner.



Enhancing communication with both institutional and private investors

I was transferred to my present workplace six years ago, after being involved in the development of industrial sewing machines and the provision of technical services for SMT systems. I am now in charge of disseminating information through our website and other media, which we carry out as part of the company's PR activities for shareholders and investors. We have been communicating with institutional investors in various ways, including mid-term and term-end results briefings, visits to investors, and responses to individual requests for meetings and interviews. However, we have yet to decide on the best method of communicating with private shareholders. To this end, in the spring of 2007, we sent out a questionnaire targeting private investors, because we realized the importance of understanding just who they are. We are tabulating and analyzing the survey results and we will use them to find the optimum method of disseminating information to private shareholders and to improving the data content.

Takayuki Aikawa
Deputy Chief, Public Relations and IR Office,
Corporate Planning Department,
Juki Corporation

Investor Relations (IR)

Juki Corporation believes it important to strengthen communication with shareholders and investors.

The company has been disclosing its current financial results and posting its financial statements and annual reports on its website. In addition, it began to hold results briefing sessions for institutional investors, starting with the financial results for fiscal 2004. The reference materials for the sessions are now also available on the website, together with explanations on the company's business trends and financial position.

In March 2007, the company conducted an opinion survey targeting private shareholders and received valuable opinions and requests from many of them. Juki Corporation will use the results of the survey to strengthen its IR activities for private shareholders.

These activities are some of the ways we are actively promoting communication with shareholders and investors.



Briefing session held for institutional investors in November 2006

Relationship with Employees

The Juki Group is building a work rotation system to develop the use of human resources and is improving workplaces and systems to help employees make their business and private lives even more compatible. We also believe it important to give psychological support to employees for their overall health.

I am able to work and bring up my child thanks to the company's child-raising support system, corporate culture, and sympathetic colleagues.

When I had my first child, I took maternity and childcare leave from September 2006 to April 2007. I entered Juki Corporation because I heard that a lot of women here continue to work even after having children, and I thought I would be able to work longer at this company. I was able to take leave with an easy mind and supported by my higher-up and colleagues. When I returned to work, I initially had great concerns about my ability to work and bring up my child at the same time, but I was allowed to work shorter hours and sometimes take a day off at short notice thanks to the understanding of and support from the people around me in the workplace. I was also greatly encouraged by other female employees who had experience of bringing up their children. Juki Corporation has various attractive systems to support employees, including a system under which employees are allowed to work shorter hours until their children enter elementary school. It is particularly encouraging for me that there are many employees I can ask for advice regarding childcare and work.

Sachiko Oba

Accounting Group, Accounting Department,
Juki Corporation



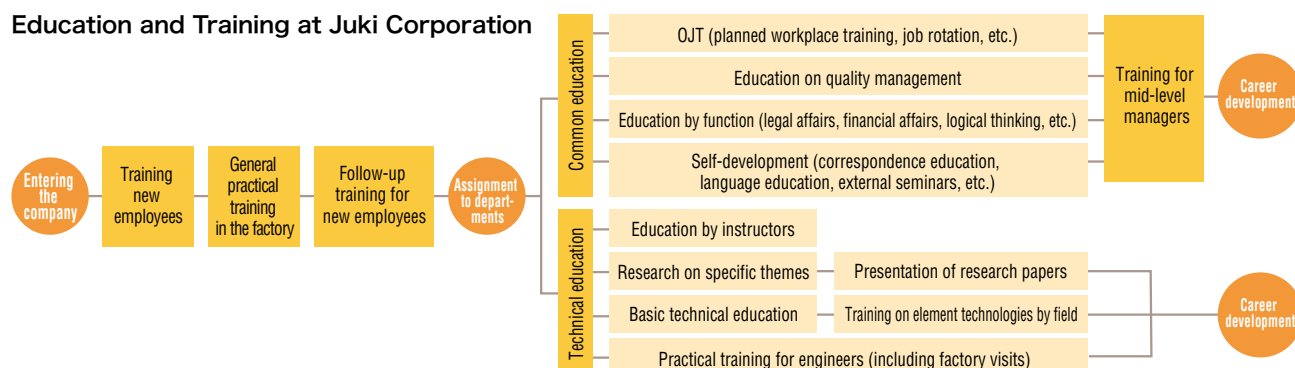
Employee Training

In addition to education for developing human resources, Juki Corporation gives compliance training to all its employees to ensure that they comply with laws and regulations. Furthermore, it gives motivation management

training to all its managers to create a highly motivated workplace.

In fiscal 2006, Juki Corporation held 20 compliance training seminars and seven motivation management training seminars. In the future, these training seminars will be held at other Juki Group companies as well.

Education and Training at Juki Corporation



Relationship with Local Communities

The Juki Group has customers in approximately 170 countries and deals with them via its worldwide sales network. In countries all over the world, Juki Group companies are striving to build even better relationships with communities in the localities where they are doing business.



Mr. Li Dong, Ms. Li Hai Xia, and Mr. Zhang Shu (from right to left) with the certificate of commendation given by Lang Fang City

Environmental protection activities valued by the local government in Hebei, China

Our department is in charge of assuring the quality of products and is engaged in activities to promote and maintain ISO certification. Juki Xinxing Industry Co., Ltd. is located in Lang Fang City in Hebei. The city is between Beijing and Tianjin and the local administration became the first Chinese body to acquire ISO 14001 certification. We are thus operating in a particularly environmentally-conscious city and are making special efforts for environmental conservation.

We are conducting environmental protection activities based on the Juki Group Environmental Philosophy, and our activities are highly valued by Lang Fang City. The city was recognized by the Chinese government as a national model city for environmental protection and the city acknowledged the great contribution our company made to that recognition. In addition, the local government of Hebei certified us as a company with a good labor-management relationship (level “AAA” company).

Li Dong
Deputy Manager, Quality Assurance Department,
Juki Xinxing Industry Co., Ltd.

Contributing to Local Communities

The Juki Group is contributing to local communities with its sewing machines. For example, we hold workshops on making fashionable new baby slings, which are now very popular because they allow mothers to hold their babies close to them all the time. In addition, we opened an outlet named Sewing Gallery Juki at the Ito Yokado Omiya Miyahara Store following the one opened at the Ito Yokado Hachioji Store. At the outlet, we teach visitors how to create small articles using Juki’s “Jureve” embroidery sewing machine. Also, we donate household sewing machines and give support with the production of TV dramas. Through these activities, we will continue to publicize sewing machines to the general public.



Baby sling workshop held at a public space in Chofu City, Tokyo on November 2006

Third-Party Opinion

In my role as a third party, here is my opinion on the Juki Group's current environmental report.



Yuko Sakita

Journalist,
Environmental Counselor

Ms. Sakita is an Environmental Counselor registered with Japan's Ministry of the Environment and is widely engaged in environmental education. She looks at society from the consumer's viewpoint and lectures and writes on environmental problems, especially on creating an environmentally-conscious society.

1. Comprehensive opinion on the environmental report, including its "Management and Social Responsibility" section

In the "Commitment by Top Management 2007," the President of Juki Corporation attributes importance to quality in management and emphasizes social contribution through its core business. I welcome this comment because it shows Juki's strong commitment to fulfilling its CSR as the company with the largest share of the world's industrial sewing machine market.

Environmentally-conscious design of industrial goods directly contributes to reducing their environmental impact, including reducing global warming, reducing the use of chemical substances, and protecting the living environment in the countries where the goods will be used. The Juki Group has a total of 20 manufacturing bases both in Japan and overseas, including China, Vietnam, and the United States, and it is therefore important that the Group is committed to environmental management. As specific measures for environmental management, the Group is working to introduce environmental management systems based on the relevant ISO standards and has already acquired ISO certification for 15 out of its 20 manufacturing bases. I anticipate that the Group will continue to implement environmental measures.

2. Environmental performance

In the "Environmental Reporting" section, the Juki Group clearly shows its environmental philosophy, environmental action policy, and environmental conservation system, and I am glad that the Group has been improving its system for introducing environmental management. In addition, it has favorable business results in terms of both net sales and ordinary income. However, it should be noted that a company will naturally consume more resources and energy when it is achieving good business results. I hope that the Group will maximize its business efficiency to minimize the total environmental impact of its business operations.

Although the total power use increased by 8.7% across the Group, CO₂ emissions decreased by 1.6%, which is commendable. The amount of paper purchased for office use, however, increased by 88% and the total waste generated increased by 67%. Reductions in the use of paper, water, and other resources as well as zero waste generation will result in cost savings, and I want the Group to reexamine the relevant measures to achieve this. Also, if the Group collects environmental data, including data on the use of chemical substances from each of its manufacturing bases and shows the data by site in its environmental report, readers will be able to understand the progress of the Group's environmental efforts more clearly.

3. Social Performance

It is wonderful to read that the Juki Group attributes importance to trust in the relationships with its stakeholders, including customers, local inhabitants, and local communities based on the recognition that it can contribute to society through its core business. I hope that the Group will communicate further on environmental matters with its stakeholders. Also, the environmental report introduces comments from employees in various departments of the Group, and this enables me to confirm that the Group respects each of its employees and they can work with pride within the Group. The direct comments of employees has increased my trust in the Juki Group.

In the "Social Reporting" section, however, the report does not show any quantitative data and I think it important to include some objective data on its social activities. There has been increasing public concern about the labor environment, and I hope that the Group will include in its environmental report occupational safety-related data plus more specific data including the percentages of both male and female employees who took childcare leave.

4. Future Expectations

With the rapid progress of global warming, people are now increasingly interested in anti-global warming measures taken by companies across the world. At present, the Juki Group has produced tangible achievements with its energy conservation measures, but I hope that it will take more fundamental measures, including making use of unused energy at its factories and generating renewable energies.

The environmental report introduces some advanced environmental measures taken within the Group. I sincerely hope that the Group will give more proactive support to companies implementing these advanced measures and expand the measures to other Group companies to fulfill its social responsibility as a global corporate group. In addition, it would be beneficial if the Group were to use this environmental report not only as a communication tool with external stakeholders but also as an in-house communication tool.



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