

2013 Environmental Report

JUKI CORPORATION



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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 Slogan

Mind & Technology

We create the products which contribute to the society, through "Technology with Heart" and "Customer Creed."



Corporate Philosophy of the Juki Group

The "Juki Corporate Code of Conduct" set forth below was established as a guideline for living by the principles of our corporate philosophy. Based on this Corporate Code of Conduct, the men and women of Juki follow all laws, all international rules and regulations, and the principles underlying them in the spirit of responsible corporate citizens with sound social sense.

Juki aligns the pursuit of its own interests through fair competition with the interests of its customers, stockholders, business partners, and society. Benefits for society are benefits for Juki.

- | | |
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| <p>1 Juki creates and supplies products and services useful for society based on thorough considerations of safety, the protection of personal and customers' information, and the satisfaction and trust of its customers.</p> <hr/> <p>2 Juki conducts its businesses fairly, transparently, and in keeping with the principle of free competition while maintaining a healthy relationship with national governments.</p> <hr/> <p>3 Juki discloses its information fairly and consistently through open channels of communication with its shareholders and society as a whole.</p> <hr/> <p>4 Juki works to ensure safety and ideal working conditions for every employee with full respect for his or her personality and individuality.</p> | <p>5 Juki takes good care of the earth environment by using resources effectively, recycling, and saving energy.</p> <hr/> <p>6 Juki maintains ideal community relations as a good corporate citizen and contributes to society through local activities.</p> <hr/> <p>7 Juki takes a firm stand against antisocial individuals and organizations that adversely affect social order and sound business activities.</p> <hr/> <p>8 Juki observes the international rules and local laws as a matter of course, esteems cultures and customs, and endeavours to contribute to the development of countries.</p> |
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If actions or events in contravention to the "Juki Corporate Code of Conduct" take place, top management at Juki takes immediate and thorough steps to remedy both the causes and outcomes.

Top Management Message

We will put the "Mind & Technology and Customer Creed" philosophy into practice as we strive, as always, to be a company that is trusted and needed by society.

The business environment surrounding JUKI Corporation was difficult throughout 2012, characterized by a prolonged financial crisis in Europe, stagnant growth in emerging markets including China and extended appreciation of the yen. Amid this difficult business environment, we formulated the "JUKI Structural Reform Plan" at the end of the year and are proceeding with reforms in all areas, including sales, production and development, to enable sustainable growth.

The driving force behind these reforms is the concept "Mind & Technology," our corporate slogan, and a "Customer Creed." As a manufacturing company, we continue to provide products and services based on a customer perspective that includes learning from the customer and creating new value together with them.

Based on this context, JUKI has built an environmental management system while 12 years have passed since attaining ISO 14001 certification in 2001. During this time, we have produced steady results in environmental performance through the provision of products with minimal environmental burden to customers, as well as promoting energy savings and resource savings across all business activities.

In addition, we have done our best to make sure our environmental management is conducted in an integrated manner with JUKI's core operations rather than as a separate entity. Going forward, we aim to ensure an even higher level of environmental management with a new

spirit based on the fourth reassessment that we will conduct this year. In 2013, we intend to execute the JUKI Structural Reform Plan early on to drive sustainable growth, and moving ahead, we aim to be a company that continues to be trusted and needed by society. I ask for your on-going support as we forge ahead.



Akira Kiyohara
President
JUKI CORPORATION

清原 晃

Outline of the JUKI Group

We contribute to the realization of abundant societies around the world by providing high-quality products born from advanced technology.

JUKI CORPORATION Outline

Establishment	December 15, 1938
Paid-in capital	15.95 billion
Shares	Aggregate number of issued shares: 129,371,000 shares Number of shareholders: 15,603 Listed on Tokyo Stock Exchange First Section Fiscal year ending December 31
Net sales	490 billion (as of December 2012)
Major business sites	Head office 2-11-1, Tsurumaki, Tama-Shi, Tokyo 206-8551 Ohtawara plant 1863, Kita-kanemaru, Ohtawara-shi, Tochigi Prefecture 324-0011
Number of employee	1,210

The JUKI Group Outline of the JUKI Group

Number of consolidated subsidiaries	31
Net sales	75.8 billion (as of December 2012)
Number of employees	6,498
Business segments	Sewing machines, Electric assembly systems, Others

as of December 2012

Business introduction

Sewing machines business

The industrial sewing machine supporting apparel (garments) production in the world

It is broadly utilized in the manufacturing field of apparel as well as a bag, shoes, furniture, an automobile sheet, etc. We have won a strong support from the customers around the world through sales and after-sale service network that cover about 170 nations in the world.

The household sewing machine with which high-grade sewing functions achieve a rich sewing life

We have also won a support from a wide range of customers who use the machines that range from a practical machine to a quilt sewing machine, an occupational machine that meets severe demand from a professional and a small lock sewing machine.

Electronic assembly systems business

The pioneer of a modular mounter

For the first time in the industry, we have proposed the modular system (a system that connects two or more sets of mounters to build a line) prevailing now.

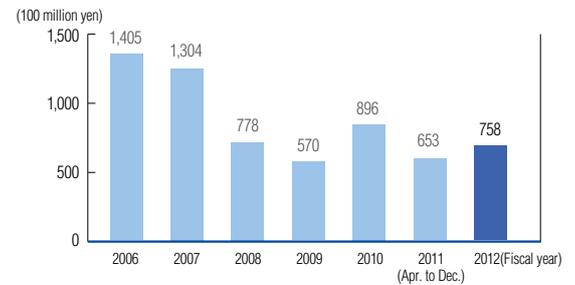
We have also won high support from the customers around the world through a wide range of machines ranging from the high-speed machine "FX-3R" to a low-budget chip mounter and a general-purpose mounter, and through well-developed support of sales and after-sales service.

Major companies in the Group

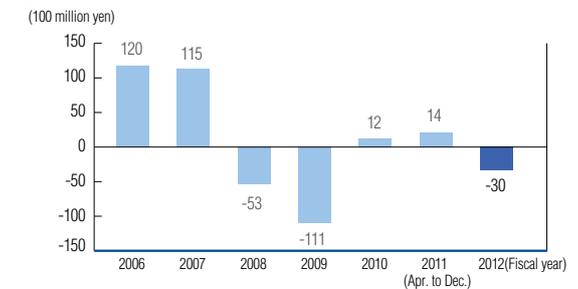
■ Manufacturing companies ■ Sales companies etc.

■ JUKI (CHINA) CO., LTD. (Shanghai, China)	■ JUKI INDIA PVT. LTD. (Bangalore, India)	■ JUKI CORPORATION (Tama City, Tokyo)
■ JUKI (HONG KONG) LTD. (Hong Kong, China)	■ JUKI MACHINERY VIETNAM CO., LTD. (Ho Chi Minh City, Vietnam)	■ JUKI DENSHI KOGYO CORPORATION (Yokote City, Akita Prefecture)
■ TOKYO JUKI INTERNATIONAL TRADE (SHANGHAI) CO., LTD. (Shanghai, China)	■ JUKI MACHINERY BANGLADESH LTD. (Dacca, Bangladesh)	■ JUKI YOSHINO KOGYO CORPORATION (Yokote City, Akita Prefecture)
■ JUKI XINXING INDUSTRY CO., LTD. (Hebei, China)	■ JUKI SMT ASIA CO., LTD. (Chonburi, Thailand)	■ JUKI AKITA SEIMITSU CORPORATION (Daisen City, Akita Prefecture)
■ JUKI (SHANGHAI) INDUSTRIAL CO., LTD. (Shanghai, China)	■ JUKI CENTRAL EUROPE SP.ZO.O. (Warszawa, Poland)	■ JUKI AIZU CORPORATION (Kitakata City, Fukushima Prefecture)
■ SHANGHAI JUKI SEWING MACHINE CO., LTD. (Shanghai, China)	■ JUKI ITALIA S.P.A. (Milan, Italy)	■ SUZUTAMI PRECISION INDUSTRY CO., LTD. (Nagaoka City, Niigata Prefecture)
■ JUKI (NINGBO) PRECISION INDUSTRIAL CO., LTD. (Zhejiang, China)	■ JUKI AMERICA, INC. (Florida, U.S.A.)	■ JUKI METAL CORPORATION (Taki-gun, Mie Prefecture)
■ JUKI (VIETNAM) CO., LTD. (Ho Chi Minh City, Vietnam)	■ JUKI AUTOMATION SYSTEMS INC. (North Carolina, U.S.A.)	■ JUKI HIROSHIMA CORPORATION (Miyoshi City, Hiroshima Prefecture)
■ JUKI SINGAPORE PTE. LTD. (Singapore)	■ JUKI AUTOMATION SYSTEMS AG. (Solothurn, Switzerland)	■ JUKI MATSUE CORPORATION (Matsue City, Shimane Prefecture)
	■ JUKI DO BRASIL COMERCIO SERVICOS DE MARQUINAS LTDA. (Sao Paulo, Brasil)	■ JUKI SALES (JAPAN) CORPORATION (Tama City, Tokyo)
		■ JUKI GENERAL SERVICE CORPORATION (Tama City, Tokyo)

Net sales (Consolidated)

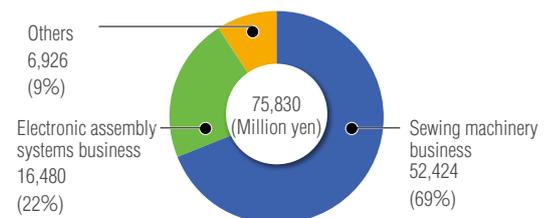


Ordinary income (Consolidated)



Our company changed the consolidated closing date to December 31 every year beginning in the fiscal year 2011 to attain an increase in efficiency of business operation, such as a budgetary process on a consolidated basis of our group and performance management. In connection with this change, the fiscal year 2011 that is a transition period is nine-month settlement of accounts from April 1, 2011 to December 31, 2011.

Net sales by Business Segment (FY2012)



We are working to enhance our governance system and strengthen compliance with the aim of realizing highly transparent management.

Corporate governance

From a viewpoint of securing the soundness and efficiency of management, JUKI regards suitable operation and maintenance of corporate governance organization as one of the utmost important problems, and has been striving for the improvement and fullness. Moreover, JUKI will disclose timely and exact information, and improve management transparency. The directors, executive operating officers, and section heads attend the Management Strategy Council, and have been deliberating on the basic policy about management and others from various angles. The Auditing Department that has been established as an organization for an internal audit in our company has been performing the business audit of each of our sections and subsidiary companies. Moreover, audit by Corporate Auditors is performed in cooperation with the Auditing Department and an Accounting Auditor and in accordance with an audit policy, a work responsibility and others that have been defined in the corporate auditor's meeting. The Corporate Auditor's Dept. is set up as an organization which assists a corporate auditor.

Compliance

The JUKI Group is focusing on a matter of compliance as an important management base, which aims at keeping a business group that has been widely trusted by everybody in the society including the customer, and worthy of the existence value for the society. Not only the employees of JUKI CORPORATION but also the directors and employees of the companies in the Group are well educated to act in accordance with the "JUKI Corporate Code of Conduct" that explains about the conducts with the observance of the law and the good sense, and to promptly respond to consultations, doubts, etc from the employees in the counseling counters set up by JUKI CORPORATION and the companies in the Group. Moreover, important risks related to compliance are managed at the Risk Management Conference.

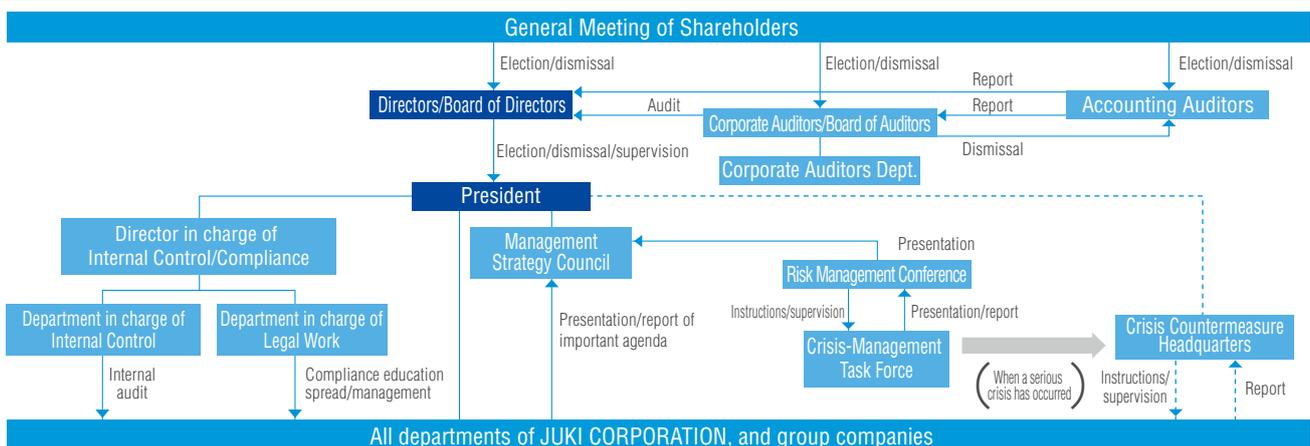
Response to Financial Instruments and Exchange Law

An internal control reporting system, based on the Financial Instruments and Exchange Law, was introduced in April 2008 with the aim of ensuring the credibility of financial reporting. JUKI conforms to the fundamental framework for internal controls indicated by the standards of the Financial Services Agency in order to implement this system, and has established and applied internal controls related to the credibility of financial reporting. Specifically, evaluations are performed regarding the effectiveness of the design and operation of company-level internal controls at the JUKI Group at the end of each fiscal year. Based on the same system, the effectiveness of process-level internal controls (including sales, manufacturing, accounting and IT) is also evaluated for JUKI and major Group companies both in Japan and overseas. Taking over from fiscal 2012, we will conduct this system in an even more efficient manner in fiscal 2013 to ensure no omissions.

Risk Management

The JUKI Group, as a risk management system, sets up the Risk Management Conference, where company-wide risks and important risks are managed, and directs it to take the remediation measures for the risk decrease. Moreover, we set up the Crisis-Management Task Force for the crisis in preparation for the occurrence of disasters (Exteriorization of the risk) such as natural disaster, fire, explosion, the PL (Product Liability), the environmental problem due to the industrial effluent to maintain the system to examine and execute the countermeasures. Also, on the occurrence of a serious crisis, the Crisis Countermeasure Headquarters will be set up as a stable structure to assure prompt crisis response.

Corporate Governance System



We contribute to our customers and the natural environment through manufacturing that always considers the environment.

The JUKI Group places value on the natural environment as a manufacturing company and works hard to ensure effective use of resources, recycling and energy conservation. We seek to provide products that are safe and that have minimal environmental burden and contribute to the industrial advancement of the region. By doing so, we aim to continue as a company that is broadly trusted by society, beginning with customers, and that is of value to society on the whole.

Environmental Vision

The attitude towards the JUKI Group Environmental Conservation Activities

In the JUKI Group, the environmental impact accompanying each enterprise was reduced and the "environmental idea" and the "ambient behavior indicator" are defined aiming at construction of the society that can continue. It has decided upon the "environmental preservation guideline" based on this. Moreover, information exchange and horizontal development are performed and improvement in the whole group is aimed at.



ECO MIND Declaration

Environmental Philosophy

The 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.



Environmental Action Policy (Revised in April, 2010)

1. Prevent global warming by promoting energy-saving in all business activities and use resource efficiently by implementing the 3Rs (Reduce, Reuse, and Recycle).
2. Provide products with less environmental load by planning, researching, developing, procuring, and manufacturing with environmental influences in mind.
3. Contribute to countries and regions by modifying environmental conservation activities to suit local conditions wherever Juki does business as a global company.
4. Observe environmental laws and other agreed requirements, and prevent environmental pollution.
5. Actively disclose environmental information.
6. Raise "awareness of ecological problems" among employees through educational campaigns.

Environmentally Friendly Manufacturing

The JUKI Group works to reduce environmental burden at each stage of manufacturing as well as during product usage. In addition, an environmental manager has been assigned at each Group company under respective environmental promotion systems for implementing environment-related initiatives and making on-going improvements.



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Chapter I

Manufacturing

We aim to reduce environmental burden at each stage of manufacturing.



➤ p14

Chapter II

ECO PRODUCTS

We are working to manufacture products that are kind to people and the earth and that aim to ensure high added value.



➤ p15

Chapter III

Management Performance

Environment-related initiatives are being implemented based on the environmental promotion system of each Group company.

Aiming to reduce environmental burden at each stage of manufacturing

As a manufacturing company, JUKI understands that society demands activities that are environmentally friendly and is working to achieve this in its daily business activities not just in the provision of products and services with less environmental burden but throughout the entire value chain.

Environmental (CSR) activities throughout the value chain

Development and design



As a manufacturing company, we develop products that are “easier to use”, “more efficient” and “more environmentally friendly” for customers. By developing products that are kind to people and the environment with features that include low power consumption, low noise, low vibration and reduced heat generation, we are confident that we can meet customers’ needs and gain the trust of society.



Procurement



The JUKI Group conducts green procurement that also draws on the capabilities of our suppliers. We gather information on harmful chemical substances in the supply chain from suppliers and make sure that we conduct suitable green purchasing based on the JUKI Group Green Procurement Activity Guideline.



Manufacturing



JUKI products use valuable resources in their parts and materials and are made using a large amount of energy and resources at our manufacturing bases. Each factory in the JUKI Group is working to increase production efficiency, reduce costs and conduct the 5Ss on a daily basis. Going forward, we will strive to reduce carbon dioxide emissions and waste.



Distribution and sales



With regard to the distribution of JUKI products, we implement advanced initiatives that always consider the best method with the least environmental burden. We are contributing to a reduction in carbon dioxide by promoting a modal shift to rail transportation and collaborating in logistics with other companies that transcend business category.



Usage and maintenance



The JUKI Group keeps the customer foremost in mind as the users of our products. In order to ensure that customers use our products with peace of mind for a long period, we have established a service and maintenance system that responds to customer inquiries and demands in a detailed manner. In addition to providing good products, we continue working to build good relationships with customers by identifying the issues they face together with them and proposing solutions.

Development and design

Eco-friendly development

We conduct checks of products from the design stage based on an environmental assessment sheet in order to ensure environmentally friendly development. The checks cover a range of assessment items in consideration of the environment that include the status of response to key laws and regulations, and reducing power consumption, noise and vibration in products. Through this, we believe we can provide products with the least amount of environmental burden.

In addition, we correctly manage chemical substances used at head office, with efforts led by the engineering development section, and are pushing ahead with initiatives in consideration of environmental impact in line with the management and use of cleansers and solvents.



Procurement

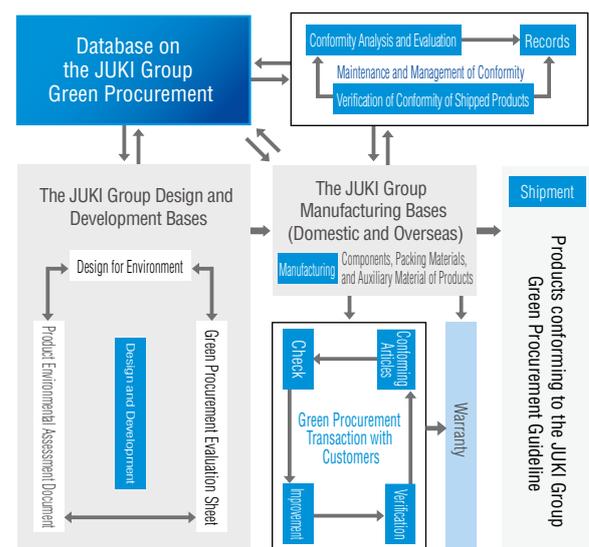
Green procurement

The JUKI Group is working to reduce harmful chemical substances in procurement together with material suppliers. Specifically, in 2011 we incorporated a JAMP AIS survey tool based on the supply chain and have been implementing related activities at overseas sites as well. Problems remain, however, and we will strive to deepen understanding together with our suppliers going forward as well as do our best to entrench this method.

The JUKI Group has been making the appropriate adjustments in line with revision to the RoHS directive in Europe in 2011. Further to this, an RoHS directive was instituted in Vietnam in 2011 that we also made adjustments for. In particular, we are conducting green procurement-related courses for production sites in Vietnam, which have strengthened our green procurement activities there.

Going forward, we will respond to expansion in laws and regulations in respective countries, including responding to an increase in SVHC in Europe, the enactment of the CLP Regulation and the next step in RoHS in China.

Green Procurement Flow



Production

Management of chemical substances

The JUKI Group uses chemical substances such as organic solvents, solvents and powdered paint at the manufacturing sites of its domestic and overseas Group companies. We are working to reduce the consumption of chemical substances and the emission of waste containing chemical substances as part of initiatives in consideration of environmental impact.

JUKI (SHANGHAI) INDUSTRIAL CO., LTD.	This company promotes recycling activities that concern paint producers recovering the powdered paint discharged in the painting process for sewing machines.
JUKI XINXING INDUSTRY CO., LTD.	In addition to checking the storage condition of chemical substances regularly, this company conducts drills in preparation for an emergency such as a fire or environmental contamination event.

Chemical Substance Consumption (Fiscal 2012)

Whole company total	All chemical substances		
	The amount of supply track records (kg)	The amount of use track records (kg)	The amount of possession (kg)
	2,504.5	2,095.1	1,249.0

Whole company total	Chemical substance applicable to *PRTR law		
	The amount of supply track records (kg)	The amount of use track records (kg)	The amount of possession (kg)
	77.5	53.9	51.8
Regulation judging	Inapplicable		

Whole company total	Properly managed chemical substance		
	The amount of supply track records (kg)	The amount of use track records (kg)	The amount of possession (kg)
	38.5	37.2	38.1
Regulation judging	Inapplicable		

Manufacturing

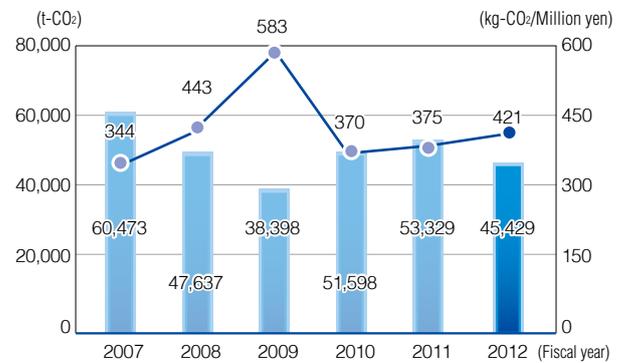
Reduction in CO₂ emissions

The JUKI Group has made various efforts to reconsider the production method and the equipment operating time to reduce the used amount of electric power that accounts for 70 percent or more of the cause of CO₂ emissions. The reduction of carbon dioxide emissions in the production stage reduces costs and leads to enhanced production efficiency.

JUKI Ohtawara Plant	Contributed to a reduction in carbon dioxide by reviewing the balance of electric power and heavy oil.
SUZUTAMI PRECISION INDUSTRY CO., LTD.	Eliminated one air conditioner inside the plant by using heat insulation paint for part of the roof of the plant.
JUKI DENSHI KOGYO CORPORATION	Introduced a double structure for the roof of the plant amid efforts to respond to snow damage, which is expected to enhance the heat insulating effect and reduce the cost of cooling and heating.

CO₂ emissions and basic unit

■ Total amount ● Basic Unit



JUKI Ohtawara Plant

Held JUKI QC circle global meeting

The JUKI Ohtawara Plant hosted the JUKI QC circle global meeting as an event for November (Quality Month). The meetings have been held since 2011 with the aim of improving the level of quality in manufacturing at Group companies as well as develop human resources. This year, four circles selected from a total of 14 Group companies worldwide and 296 circles made presentations, with the outstanding award going to the circle from JUKI (SHANGHAI) INDUSTRIAL CO., LTD. Improvement in the level of QC circle activities overseas has been remarkable, demonstrating that the global development of JUKI manufacturing is steadily generating positive results.



The JUKI (SHANGHAI) INDUSTRIAL CO., LTD. circle received the outstanding award

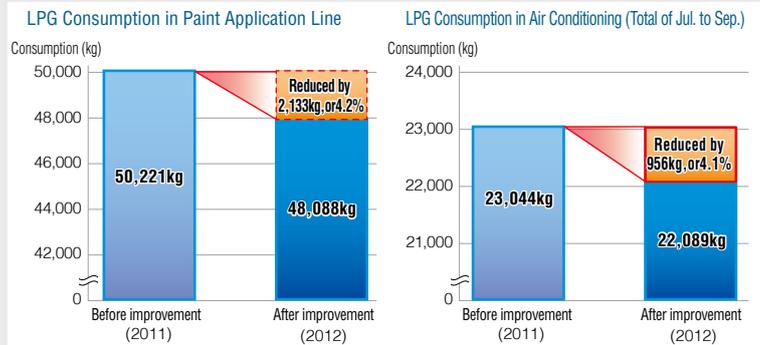


JUKI MATSUE CORPORATION

Initiative aimed at reducing LPG consumption

JUKI MATSUE CORPORATION shifted to centralized operation of its paint application line in accord with the amount of production in its paint process, which shortened LPG combustion time.

It also reviewed the summer operation of air conditioning units that use LPG. A 20-minute rest interval was added to the 30-minute alternating operating cycle for two of the three units on the premises while an inverter was added to the other unit, which was less effective in cooling the environment, to boost the volume of air and strike a better cooling balance overall. This has enabled operation in eco-mode.



*Evaluation using LPG consumption results for each unit in 2011



JUKI XINXING INDUSTRY CO., LTD.

Initiatives to reduce power consumption and save resources through improvements in production process and final inspection process

JUKI XINXING INDUSTRY CO., LTD. increased the number of units painted in a day by 27 by reviewing and improving the production process, which served to reduce gas and power consumption per unit (gas: 1.19 kg/unit; power consumption: 1.34 kWh/unit). By consolidating the painting production process and correcting depressions in the material in the procedure for surface preparation, we reduced the

number of defective units. In addition, we improved the method of correcting depressions and defects in the material during the final inspection process and reduced the number of dirty and defective units, which led to an increase in the number of units produced per day. JUKI XINXING INDUSTRY CO., LTD. is working to save resources on a company-wide basis.



Manufacturing

Resource Saving Measures

We have continued the activities to conserve resources with our 3Rs (Reduce, Reuse, and Recycle), and reductions in the waste emitted by our offices and factories in the daily active conduct of business.



End scraps from molds are remelted

Plants	Each plant is working to decrease the use of cardboard boxes by promoting a shift to returnable boxes between suppliers and Group companies.
JUKI (SHANGHAI) INDUSTRIAL CO., LTD.	This company is promoting recycling activities that concern paint producers recovering the powdered paint discharged in the painting process for sewing machines. Efforts are being made to enhance waste separation by taking photos of waste and using them for educational purposes and through patrols with the aim of increasing awareness of the need to reduce waste.
SHANGHAI JUKI SEWING MACHINE CO., LTD.	This company is working to increase the amount of valuable recycled items and reduce waste by enhancing separation.
JUKI AKITA PRECISION CORPORATION	This company is working to reduce end scraps by improving its programs and to reduce waste.

Manufacturing

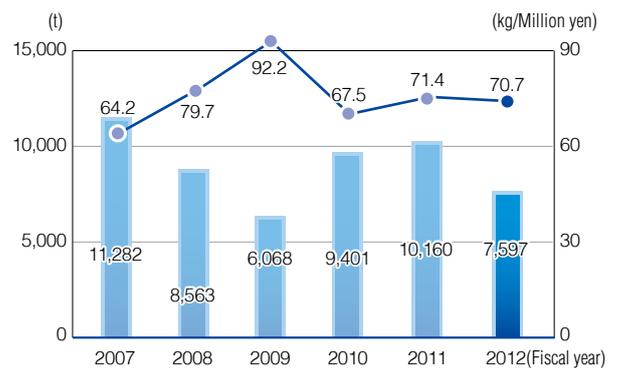
Reduction of wastes

At our manufacturing sites, we operate a multitude of production equipment and use a lot of raw materials as well as consume heat-sourced energy in our daily production activities. In order to reduce the amount of waste emitted in this process, JUKI Group manufacturing sites are implementing various measures that include reducing waste itself and promoting valuable transactions from the reuse and recycling of the waste.

JUKI AIZU CORPORATION wraps glass wool (glass fiber) around the mold in order to raise the quality of its products. Previously, glass wool was wrapped around all of the mold, which meant a large quantity of the material was consumed and a lot of waste generated. Consequently, the company analysed its mold production internally and made improvements to the mold itself, which led to more stable quality and minimal consumption of glass wool (the material has been entirely eliminated in certain products). This resulted in a reduction in the amount of glass wool and waste.

In addition, we are looking into ways to recycle waste wax liquid, which was previously merely thrown away.

Reduction of the amount of wastes



JUKI YOSHINO KOGYO CORPORATION and JUKI CORPORATION

Initiative to prevent environmental contamination

JUKI YOSHINO KOGYO CORPORATION conducts simulation training for emergencies once a year assuming the pipes break on the outdoor tank for heating oil (small-lot hazardous material storage tank) and the oil leaks due to earthquake, typhoon or flood. The drills are standardized as response procedure in an emergency and conducted in line with this. After this, the company prepares a record of the emergency training simulation and evaluates its effectiveness.

Meanwhile, JUKI head office measures the smoke and soot from its gas absorption-type water cooling and heating machine twice a year and works to prevent air pollution. In doing so, we request a permit from the company contracted to do the measuring as well as proof of calibration of the measuring equipment to enhance reliability.

Distribution and sales

Reduction of carbon dioxide (CO₂) and packaging materials

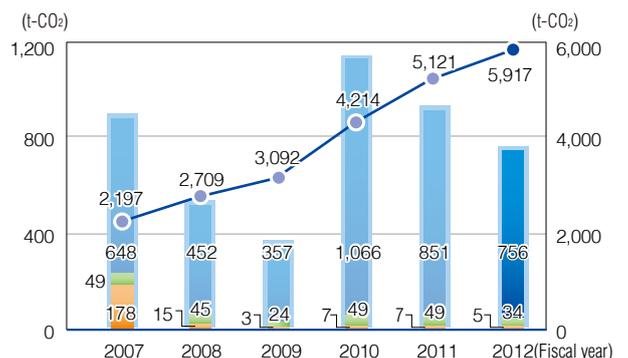
The JUKI Group changed truck transportation to rail transportation in an inland transportation of marine containers from the shipping bases of electronic assembly systems (Yokote City, Akita Prefecture) and industrial sewing machines (Ohtawara City, Tochigi Prefecture), and is carrying out a CO₂ reduction in a physical distribution stage. Moreover, the SSE (Shanghai Super Express) is used at the time of an import of the parts from Shanghai, and green logistics is being promoted vigorously by carrying out the modal shift to marine transportation + rail transportation from the air transportation which used to be used.

These days, the shared physical distribution by rail transportation with the consumer-electronics maker beyond the industry, etc. is tackled, and practice of the pioneering physical distribution improvement appears frequently in the physical distribution trade paper.



Reduction in CO₂ emissions at the time of transportation

■ Reduction from transporting containers in an inland
■ Reduction from transporting the industrial sewing machines
■ Reduction from transporting the electronic assembly systems by rail
—●— Total reduction in CO₂ emissions





JUKI CORPORATION

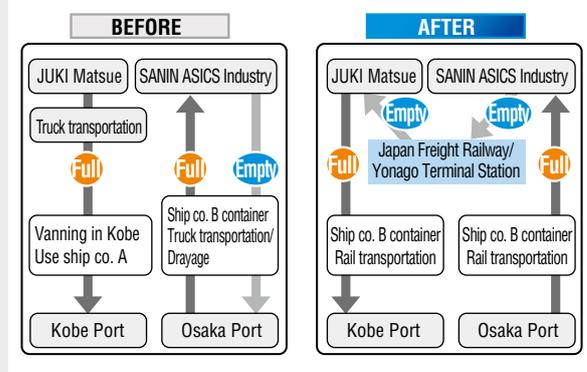
Collaborates with ASICS Corporation in logistics

In May 2012, JUKI and ASICS Corporation started collaboration using rail transportation. First, ASICS transports a full container of imported goods via Osaka Port to Yonago Station and carries it by trailer to SANIN ASICS Industry Corporation. The empty container is then returned to Yonago Station.

On the other hand, JUKI picks up the empty container from Yonago Station for use in exporting and after loading the goods at the plant the full container is carried to Yonago Station. From there it is transported by rail to the Kobe Freight Terminal Station where it is carried to the Port of Kobe.



ASICS and JUKI marine container reuse system



Topics

JUKI initiatives in distribution

The terms “environmentally friendly logistics,” “modal shift” and “logistics collaboration” have become popular in the logistics industry today. JUKI’s logistics section has created a business model for distribution that anticipates these trends and needs. The case with ASICS Corporation above could be viewed as the ideal joint distribution in realizing reductions in costs and carbon dioxide for both companies. In addition, the joint distribution with Toshiba Medical Systems Corporation is easily visible, particularly with the incorporation of the name and logo of both companies on the container. Going forward, we aim to take a leading role in logistics among manufacturers and heighten our corporate value.



31-foot container with JUKI logo

Usage and maintenance – Sewing machines business and electronic assembly systems business

Providing services that make maximum use of know-how

In the sewing machines business, we don’t just sell industrial sewing machines to customers, we have established the JUKI Sewing Research Institute for the provision of intangible services aimed at getting customers to use JUKI products more effectively. It has been in operation for approximately 50 years. The services it provides leverage know-how accumulated over many years, such as conducting sewing factory diagnosis with the objective of further improving productivity following the introduction of industrial-use sewing machines, seminars and proposing optimal equipment specifications, number of machines and layout in plant design for new plants and to expand lines.

In the electronic assembly systems business, we provide training on operation and maintenance at training centers in respective sites, including those overseas, for customers that have purchased JUKI equipment. The instructors undergo testing to verify their skills and make sure they surpass a certain level.

Also, to ensure the equipment is used for a long period of time, we get customers to make regular inspections while JUKI specialist engineers conduct routine maintenance that includes confirming mounting accuracy as well as regular replacement and cleaning of parts. These efforts contribute to long product use.



Sewing factory diagnosis



Maintenance and inspection of a pick and placer(SMT)

JUKI Mind & Technology

We are striving to make products that are kind to people and the earth and that aim to incorporate high added value.

JUKI ECO PRODUCTS in fiscal 2012

We seek to enhance operability and ease of maintenance and ensure advanced performance while at the same time reducing power consumption and energy. We evaluate 38 items related to the environment in the development stage and use the results to designate products that realize environmental friendliness to a specified high level as "JUKI ECO PRODUCTS." Here, we will introduce the "JUKI ECO PRODUCTS" we designated in fiscal 2012.

Major assessment items

	Material and a procurement-of-supplies-and-equipment stage	Manufacture and distribution stage	Use stage	Recycling/disposal stage
Environmental safety and preservation nature	Exclusion and reduction of hazardous substances		Reduction of noise and vibration	Separation ease of an environmentally harmful substance
Resource saving	Streamlining of raw material		Long-term usability	
	Practical use of recycling material			
Energy saving		Improvement in transport efficiency	Reduction of power consumption Reduction of consumable item's consumption	
Recycling efficiency				Recycling
				Separation/segregation ease

AMS-221EN-HS3020/7200

This is a computer-controlled cycle sewing machine for sewing pockets on jeans automatically. It uses a stepping motor provided with an encoder to control the X-Y drive mechanism and can be operated on mini-power in accordance with the weight of the material and length of the stitch.



MF-7500(D) and MF-7900(D) series

These new flat-bed top and bottom cover stitch sewing machines are equipped with the world's first mechanisms for creating beautiful seams. A new, compact servo direct-drive motor, which reduces power consumption, has been equipped on all machines with thread-trimming equipment.



LU-2810 series

This sewing machine, suited to non-apparel items, boasts dramatically improved workability and functions required for the sewing of large and heavy materials such as car seats and sofas. It incorporates a new tank-type automatic lubricator. It is less time-consuming to supply the oil while less oil is used.



HZL-40/29Z series

This sewing machine is for multipurpose home use. It is designed to ensure customer satisfaction by employing an LED light for easier operation as well as being simple, compact and low-priced while reducing energy and costs.



MO-6700DA series

This sewing machine series features a semi-dry-head high-speed overlock/interlock mechanism. Advanced dry technologies contribute to higher durability and it does not splash oil even after long periods of use. The inclusion of a place to fill up the grease eases maintenance.



Environmental Management

We promote environmental initiatives based on an environmental promotion system at each Group company.

Promoting Environmental Management

The environmental target of the JUKI Group including the head office is discussed and determined at the "Management Strategy Council" which is the supreme decision-making body of the company. Moreover, in order to raise the ability to put target deployment, policy enforcement, and environmental conservation activities into practice, an environmental conservation promotion team was set up and has been working on them.

In addition, the JUKI Ohtawara Plant will switch to integrated certification for ISO 14001 and ISO 9001 in fiscal 2013 to improve the level of management for the environment and quality.

ISO14001 Acquisition Situation

The JUKI Group has received the ISO14001 certification acquisition in all the manufacturing group companies including the head office.

In July 2012, head office and the JUKI Ohtawara Plant received an award for long-term registration of the management system from an authentication organization. This award recognizes the results of our environmental improvement activities implemented by all employees. We will take this opportunity to implement further environment improvement activities going forward.



Management system Award for long-term registration (Head office)



Management system Award for long-term registration (JUKI Ohtawara Plant)

Conducting Internal and External Audits

The JUKI Group has checked with both an internal audit and an external audit whether the environmental management system of each company functions effectively in the Group companies that acquired the certification of the ISO14001.

JUKI also performs its own internal audits, and in fiscal 2012 we created a model audit check sheet and promoted greater efficiency in internal audit operations by way of self-audits and audit officers.

Regulatory compliance

As a Group-wide measure, staff at head office checked the status of compliance with environment-related laws and regulations locally at manufacturing companies in China. Efforts are made to improve the quality of compliance by confirming adherence at the practical level and suggesting items for improvement. Group companies in China evaluate on average 43 items concerning environment-related laws with a pass or fail. The most important points in legal compliance are accurately reviewing the items that have been set by running the required items through a cycle periodically and swiftly taking corrective measures when a problem is identified. Another key element is conforming to the set items and quantified targets.

This year, we verified that our management system complies with environment-related laws as well as measures to prevent breaches.



Staff from head office check a manufacturing company in China



Environmental Targets and Results for FY2012

We set environmental targets that are common Group-wide and that benefit each business.

Environmental Targets and Results for FY2011

Environmental Target	Coverage	Numerical Target	Results	Review in FY2012 and Future Activities
Reduction in CO ₂ emissions	Domestic manufacturing companies	528kg/¥1mn (per unit of sales)	647kg/¥1mn Achievement rate:77%	【CO₂】 Fell short of target due to significant decline in sales relative to reduction of carbon dioxide at Group manufacturing companies in Japan and overseas, where targets were made in basic units, despite head office achieving target 【Waste】 Fell short of target due to significant decline in sales relative to reduction of waste amount at Group manufacturing companies in Japan and overseas, where targets were made in basic units, despite head office achieving target
	Overseas manufacturing companies	569kg/¥1mn (per unit of sales)	837kg/¥1mn Achievement rate:53%	
	Head office	2,763t (total amount)	2,769t Achievement rate:100%	
Reduction in total waste emissions	Domestic manufacturing companies	101t/¥1mn (per unit of sales)	114t/¥1mn Achievement rate:87%	Manufacturing companies Group-wide aim to reduce unreasonableness and waste in fiscal 2013 as in the previous year by establishing targets in terms of basic units and promoting optimization of the entire Group led by the Production Center.
	Overseas manufacturing companies	127t/¥1mn (per unit of sales)	149t/¥1mn Achievement rate: 84%	
	Head office	62t (total amount)	50t Achievement rate:119%	
Promotion of green procurement	Common to the JUKI Group	Number of violations of restrictions on shipments of Green Procuring Conforming Articles and Hazardous Chemical Substances: 0	Number of violations: 0	There were no cases of non-conformity with green procurement in fiscal 2012, as in fiscal 2011. We will continue to implement similar measures in fiscal 2013.
Observance of environmental law		Number of violations: 0	Number of violations: 0	

Environmental Target of the JUKI Head office

Environmental Target	Coverage	Numerical Target	Results	Review in FY2012 and Future Activities	
Approaches to eco-friendly products	① "JUKI ECO PRODUCTS" recognition of new product	Development dept.	New machine types introduced to market Design planning target achievement 100%	Achievement rate: 89%	We will continue to implement similar measures in fiscal 2013. One of our ECO PRODUCTS failed to achieve the recognized standards. In fiscal 2013 we will work to have all machines certified.
	② Reduction in power consumption of new product	Development dept.	New machine types introduced to market Reduction target achievement 100% compared with the existing machine types	achievement: 9machine types Non-achievement: 1 machine type	
	③ Development of PR activities for "JUKI ECO PRODUCTS" and environment	Sewing Machinery Business Unit	Implementation plan progress rate 100%	Achievement rate: 100%	Continue with measures.
	Electronic Assembly Systems Business Unit	Implementation plan progress rate 100%	Achievement rate: 100%		
	General Affairs Dept	Implementation plan progress rate 100%	Achievement rate: 100%		
Reduction in OA papers purchase volume	Head office	3% reduction compared with FY 2012	Achievement rate: 95%	Continue with measures.	
Improvement of environment awareness and environmental knowledge	Head office	Plan implementation 100% of environmental education	Achievement rate: 100%	Continue with measures.	

*This data shows environmental targets and results for fiscal 2012 for JUKI CORPORATION and domestic and overseas manufacturing companies in the Group.

*Data for the JUKI Ohtawara Plant have been included in those for domestic Group manufacturing companies.

Topics

Diagnosis of energy conservation in head office building

Exactly three years have passed since the head office building was completed in 2009. Various measures have been taken since the outset to conserve energy, including the reduction of fluorescent lighting and changes to air conditioner settings. We have been looking into further initiatives as a result of diagnosis based on advice from specialists from the Energy Conservation Center, Japan. It is important to continue reviewing actual energy consumption relative to expectations made in the design phase in terms of energy savings in the building. In this context, we were advised that reviewing equipment usage and operating method would lead to energy savings. We were given 19 specific recommendations that included reviewing the excessive intake of air mainly from the underground car park, reducing illumination intensity in sitting rooms and reducing compressor discharge pressure. We have separated these items into immediate tasks and long-term tasks for implementation.



We will proceed with improvements in environmental performance by clarifying environmental burden related to operations.

Environmental Performance

Environmental Load by the JUKI Group's Business Activities

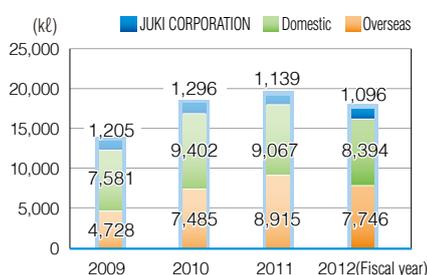
	Item	FY2009	FY2010	FY2011	FY2012
JUKI	CO ₂	2,953 t-CO ₂	3,309 t-CO ₂	2,849 t-CO ₂	2,769 t-CO ₂
	Electricity	4,685 MWh	5,039 MWh	4,427 MWh	4,260 MWh
	Kerosene	0 kℓ	0.3 kℓ	0.3 kℓ	0.6 kℓ
	Fuel oil A	13 kℓ	0 kℓ	0 kℓ	0 kℓ
	Gas	102 thousand m ³	192 thousand m ³	134 thousand m ³	133 thousand m ³
	Gasoline	45 kℓ	48 kℓ	44 kℓ	45 kℓ
	Water	14 thousand m ³	13 thousand m ³	11 thousand m ³	12 thousand m ³
	Drainage	13 thousand m ³	22 thousand m ³	21 thousand m ³	22 thousand m ³
	Final waste disposal	0 t	0 t	0 t	0 t
	Total waste emissions	181 t	105 t	57 t	50 t
Domestic manufacturing companies in the Group	CO ₂	23,299 t-CO ₂	28,402 t-CO ₂	26,737 t-CO ₂	22,781 t-CO ₂
	Electricity	29,474 MWh	36,550 MWh	35,153 MWh	32,632 MWh
	Kerosene	177 kℓ	202 kℓ	193 kℓ	182 kℓ
	Fuel oil A	2,020 kℓ	2,276 kℓ	1,996 kℓ	1,118 kℓ
	Liquid petroleum gas (LPG)	276 t	386 t	368 t	319 t
	Gasoline	45 kℓ	64 kℓ	59 kℓ	55 kℓ
	Light oil	35 kℓ	49 kℓ	42 kℓ	40 kℓ
	Acetylene	36 kg	65 kg	86 kg	122 kg
	Coke	0 kg	0 kg	0 kg	0 kg
	Methanol	0 kg	0 kg	0 kg	0 kg
	Water	262 thousand m ³	333 thousand m ³	260 thousand m ³	256 thousand m ³
	Drainage	242 thousand m ³	276 thousand m ³	234 thousand m ³	108 thousand m ³
	Final waste disposal	620 t	604 t	485 t	356 t
	Total waste emissions	3,473 t	5,103 t	5,521 t	4,005 t
	Overseas manufacturing companies in the Group	CO ₂	12,146 t-CO ₂	19,887 t-CO ₂	23,743 t-CO ₂
Electricity		18,379 MWh	29,098 MWh	34,660 MWh	30,114 MWh
Kerosene		0 kℓ	0 kℓ	2 kℓ	2 kℓ
Gas		0 thousand m ³			
Liquid petroleum gas (LPG)		445 t	839 t	1,054 t	752 t
Gasoline		77 kℓ	111 kℓ	120 kℓ	93 kℓ
Light oil		166 kℓ	325 kℓ	361 kℓ	231 kℓ
Acetylene		24 kg	24 kg	24 kg	24 kg
Natural gas (NG)		23,552 Nm ³	49,598 Nm ³	69,505 Nm ³	50,717 Nm ³
Water		248 thousand m ³	347 thousand m ³	320 thousand m ³	235 thousand m ³
Drainage		213 thousand m ³	312 thousand m ³	281 thousand m ³	227 thousand m ³
Final waste disposal		1,226 t	1,557 t	1,486 t	1,564 t
Total waste emissions		2,415 t	4,192 t	4,582 t	3,542 t

INPUT for FY2012	
Energy	20,576 kℓ (In crude oil equivalent)
Electricity	67,007 MWh
Fuel oil A	1,118 kℓ
Light oil	271 kℓ
Gasoline	193 kℓ
Kerosene	184 kℓ
Gas	133 thousand m ³
Liquid petroleum gas (LPG)	1,071 t
Acetylene	0.146 t
Natural gas (NG)	50,717 Nm ³
Water	503 thousand m ³
Raw materials	17,305 t
Metallic materials	13,669 t
Plastic materials	175 t
Rubbers	69 t
Papers (excluding OA papers for office)	167 t
Others (parts, raw materials, etc.)	3,226 t

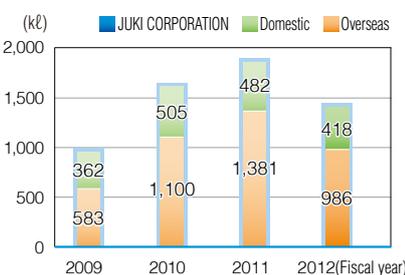
OUTPUT for FY2012	
Production Volume of Major Products	12,941 t
CO₂	45,429 t-CO ₂
Drainage	357 thousand m ³
Total waste emissions	7,597 t
General waste	819 t
Industrial waste	6,523 t
Specially controlled industrial waste	255 t
Final disposal volume	5,200 t
Volume recycled	1,920 t

* This table shows environmental performance data for JUKI CORPORATION and other domestic and overseas manufacturing companies in the JUKI Group shown on page 4.
 * A data for JUKI Ohtawara plant is included in other domestic manufacturing companies in the Group.

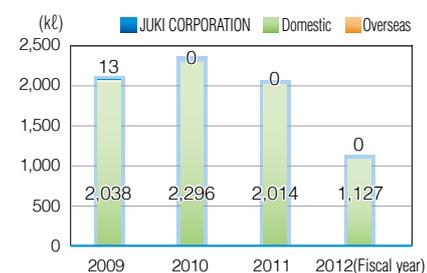
Electricity (in crude oil equivalent)



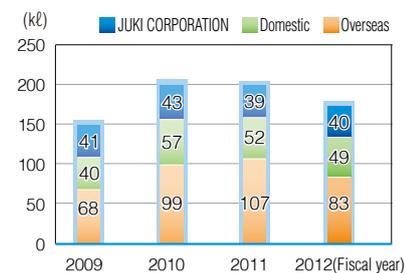
Liquid petroleum gas (LPG) (in crude oil equivalent)



Fuel oil A (in crude oil equivalent)



Gasoline (in crude oil equivalent)



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Building Relationships of Trust with Stakeholders

We will build strong relationships of trust with stakeholders and promote responsible behavior.

Involvement in Stakeholders



Shareholders

We are improving our financial position and shareholder value and are committed to distributing dividends in a stable manner. Also, in order to promote communication with shareholders and investors, we are actively disclosing our corporate information in a fair manner.

Customers

The JUKI Group will ensure that the products and the services that can be used for a long time will help customers maximize their value. We aim to continue to build and deepen the bond of trust we have with our customers.

Business Partners

To ensure coexistence and co-prosperity with suppliers, we give explanations and provide education to them regarding (1) fair and unbiased competition, (2) compliance with contracts, (3) regular briefings on the market situation, and (4) the "JUKI Group Green Procurement Activity Guideline." Through these measures, we want to become friendly rivals with our suppliers.

Employees

The JUKI Group aims to become a global corporate entity that provides people with great employment and growth opportunities regardless of their nationality, race or gender. In each of the countries where we do business, we will establish an organization and corporate culture where employees can work with higher motivation and higher job satisfaction.

Society

As a good corporate citizen, we are making deeper exchanges with local communities. Also, in our international business operations we comply with internal and local laws, respect the local culture and customs, and endeavor to contribute to the development of the local area. At the same time, we aim to become a valuable and attractive entity in the society by addressing the environmental issue seriously.

Relationship with Customers and Suppliers

We are working to enhance customer satisfaction by appropriately reflecting customer opinion in our business activities and product development.

In pursuit of customer satisfaction

The JUKI Sewing Research Institute conducts activities in a wide range of areas that include diagnostic guidance to improve productivity at customers' plants, human resource development, management seminars aimed at enhancing the level of management, and seminars on such things as improving work procedures, quality control, attachment production and breakdown of products developed based on customer needs. Over 70,000 people have taken the seminars in Japan and around the world and they offer support in resolving problems faced by customers.



Studying sewing



Seminar in Myanmar

The Electronic Assembly Systems Business Unit has conducted a customer satisfaction survey for customers that have used JUKI pick and placers since fiscal 2004, which analyzes customer satisfaction based on a comprehensive evaluation of six items that include "quality and functions" and "after-sales service." The aim is to drive on-going improvement in the quality of service. In fiscal 2012, customer satisfaction survey reporting sessions were held at a sales subsidiary in China, a manufacturing base in Akita and head office, with a focus on sharing customer opinions among employees and reflecting the opinions in services and products.

Representatives from 11 companies using our data entry machines visited head office for a seminar on system usage. Participants were separated into managers and operators to facilitate appropriate discussion on issues. The occasion gave customers the opportunity to exchange information with each other, which served to widen the circle of partners.



Customers exchange information with each other

Quality Assurance・Product safety

Our wish is to have a relationship with a customer through strong bonds by continuing providing a product and service that are delighted and satisfied by a customer. In order to make this wish come true, the comprehensive quality management has been promoted continuously. We are continuing efforts such as convening meetings for people in charge of quality aimed at standardizing information and issues regarding quality and sharing these across the organization, as well as internal courses on quality and promotion of QC testing aimed at raising awareness of and competency regarding quality.

In addition, we gather information concerning safety from each country and provide products that take into account trends in the latest technology so that our customers can use our products with peace of mind.

We also comply with safety regulations newly added in the Euro zone in 2011 and made revisions not only to new products but also to products developed in the past and made this public.

Measures at the time of an occurrence of quality problem

A product is shipped out while improving the mechanism that makes a 100% non-defective product, but when there is a problem with the product quality, its solution is offered to a customer through sales companies of JUKI. The information on the quality problem is acquired speedily along with the investigation of the cause of the problem, but a customer voice from the area in which the feedback system has not yet been well established in association with a global deployment is received through various networks.

Exchange with partner companies

A JUKI partners training workshop for fiscal 2012 was held at the JUKI Ohtawara Plant in November for 112 people from 109 companies. The workshop is held every year in Quality Month with the aim of enhancing the quality of transactions and enabling co-existence and co-prosperity with JUKI.

Letters of appreciation were given to eight suppliers that posted particularly outstanding results, while guaranteed delivery certifications were granted to 48 companies.



An award is given to a partner company

Relationship with Employees

We continue to create safe workplaces in which diverse personnel can operate effectively together.

Human resource development and respect for diversity

JUKI aims to develop employees that can fulfil social responsibility and embody JUKI's management philosophy and values as well as leaders that can work with a global perspective.

On-the-job training (OJT) is emphasized in career development and education, and includes on-site training and overseas assignment. In addition, various steps are taken to develop human resources such as training in management and specialist areas, support for self-advancement and obtaining qualifications, annual special awards and the JUKI QC circle global meeting.

Industrial health and safety

Comprehensive disaster preparedness drills were held at the Tama headquarters on November 30 based on instruction and cooperation from the Tama Fire Station. This included what to do to avoid falling objects in an earthquake as well as an emergency evacuation drill in the event of a fire.

This year a "smoke house" was set up as a first trial so that employees could get a simulated experience of how smoke behaves in a fire when trying to escape.

In addition, many people got to experience actual operation of Automated External Defibrillator (AED) equipment and cardio-pulmonary resuscitation following a demonstration by members of the Tama Fire Station. We will continue to conduct similar training going forward as well.



Using a smoke house to train people how to escape a fire



Receiving guidance on how to operate AED equipment

Creating a pleasant work environment

The JUKI Group is conscious of creating a pleasant work environment. Efforts include increasing employment opportunities for people with disabilities and striving to ensure they maintain their employment, and through building equipment, layout and job design. Close to 40 people with disabilities were working at the Company in Japan as of 2012.

People with disabilities are also afforded fair evaluation and conditions as members of the Group and given opportunities for career development and training and education to maximize their skills along with other employees. Through such initiatives, JUKI aims to develop its business.



JUKI (CHINA) CO., LTD.

Conducted Management Training Program (MTP) to develop executive personnel for Group companies in China

JUKI (CHINA) CO., LTD. has been conducting an MTP in November every year since 2011 with the aim of promoting localization in China.

This year, 21 managers who were candidates for executive level positions as recommended by six Group companies in China took part in the program. The program included learning from basic management to practical ways to realize good management in a structured manner from outside instructors that belong to the Japan Industrial Training Association. Through repeated training we seek to develop global human resources who can work anywhere in the world.



Training in progress



Employees that took part in the training

Relationship with Shareholders and Investors

We will heighten management transparency by disclosing corporate information in consideration of timeliness, appropriateness and fairness.

Promoting an understanding of the JUKI business operations to institutional investors

While helping investors to deepen an understanding to JUKI, we have been holding the results briefing twice a year and responding to the individual interview from a financial analyst fund manager in order to increase the strong stockholder who will be able to hold stocks for a long period of time. Moreover, we have been putting various information in our website positively so that investors may deepen a understanding of management policy and a business activity in addition to an settlement-of-accounts related data such as a statement of accounts, a financial report, a business report (to shareholders).

Promoting an understanding of the JUKI business operations to individual shareholders

In order for shareholders to further deepen an understanding of the business operations of JUKI, we make it a rule to send a business report "To shareholders" that summarizes the overall condition of business operations and the contents of settlement of accounts to all the shareholders twice a year. We carry out a tour of inspection of core products after the end of a general meeting of shareholders. We will exercise our ingenuity so that shareholders can continue to understand the business operations of JUKI more deeply.

Relationship with Local Communities

We create good relationships with local communities around the world and deploy activities that are unique to JUKI.

Contribution to local society

As part of its program to provide employment support to students, JUKI (VIETNAM) CO., LTD.:

- (1) Accepted internships (46 people in fiscal 2012)
- (2) Conducted plant tours for students (130 people in fiscal 2012).

In support of the medical industry, the company:

- (1) Participated in charity funds to support treatment costs for people with disabilities
- (2) Supported treatment costs for workers with heart disease.

These and other efforts aim to contribute to local society.



➤ Ceremony for awarding scholarships to engineering college



➤ Students are accepted for factory tours

Example of communication-related activity with the community

The JUKI Group has adopted an internship program for university and high school students that live in surrounding areas in recent years. This includes providing a place for work experience and accepting students for factory tours as part of social studies lessons. Every year, fifth-year students from elementary schools in the surrounding area come to head office for a tour of the company's facilities and product showroom. Last year, 72 children took part in the tour, which included visiting the company's facilities such as the central monitoring room, which manages the security of the entire building and the eco-friendly rooftop garden, as well as a look at the product showroom and the chance to experience using a home-use sewing machine to make a drawstring pouch. The children were surprised at how quickly a button is attached while also learning the connection between everyday life and JUKI products.



➤ Fifth-year elementary school students on a tour of the company's facilities and showroom

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