

Environmental Report 2011



Top Message

The Next Stage 11

OSG has consistently engaged in the manufacture and sale of cutting tools, which are taps and related tools, for over 70 years since its foundation in 1938. OSG has been continuously producing global top quality tools throughout its history, and actively pursuing overseas business expansion in order to contribute to the world's manufacturing industry under its cooperate philosophy—Global Presence.

OSG's greatest strength is the capability of offering proposals tailored to customers' needs.

To interact with people around the world through tools, OSG has been committed to customer needs and communication with the customers under the other corporate philosophy of Tool Communication. Furthermore, recognizing that we are in the "Century of Environment," OSG has been striving in the development of environmentally-friendly products to contribute to all customers and society under the corporate slogan of Toko-ton Spirit" (means Total Commitment.)

Fiscal 2010 was the middle year of the 4th Mid-term Plan of OSG's Environmental Management System.

In compliance with the revised Energy Saving Act, all OSG's business sites started aggressive improvements in energy saving to reduce energy consumption under the unprecedented recession.

This has resulted in a great energy-saving effect and led to the suppression of CO₂ emissions.

In terms of waste, all business sites have used chlorine-free grinding fluid and achieved zero emissions .

Furthermore, OSG has been providing the Nu-Roll Tap Series as an environmentally-friendly product with marvelous durability for a wide variety of users.

As a result, OSG won the grand prize in the 4th Environmental Performance Award of the Japan Small Cutting Tools' Association (JSCTA). We also won the two Environmental Contribution Prizes in the Eco-Factory and Eco-Product categories.

As fiscal 2011 is the final year of the fourth Mid-term Plan of OSG's Environmental Management System, and we are making efforts toward a further reduction in waste and energy consumption to achieve the target.

We will continue participating in local community and social contribution activities, and as always, we look forward to your continuing support.



OSG Corporation
President and Coo

Norio Ishikawa



COMMITTED TO
CUSTOMER NEEDS

Anytime and Anywhere, assisting customers in machining improvements and cost reduction.



COMMITTED TO
THE ENVIRONMENT

Striving in the development of environmentally safe products.



COMMITTED TO
COMMUNICATION

The motto is Tool Communication.
Assisting in the selection and application of the proper tool as well as providing excellent after-sales service.



Fundamental Business Policy

- Always aware that our corporation is an institution that serves society, we provide products that are appreciated by our customers.
- We assign our employees appropriate jobs and strive to improve their daily lives.
- We strive to provide stable dividends to our stockholders.
- We implement sound business practices that earn enhanced social trust and develop the corporation into a worldwide business.

Slogans

Global Expansion
Health-consciousness
Eco-friendliness

Basic Environmental Ideas

- Working on the maintenance of the global environment in harmony with OSG's basic business policies.
- Publicizing information on OSG's three declarations made in October 1996 (i.e., Global Expansion, Health-consciousness, and Eco-friendliness).
- OSG conducts activities with consideration of the environment while offering products and services that contribute to society.
- Following societal norms, OSG promotes communication with the local community.

Environmental Policy

Foundation

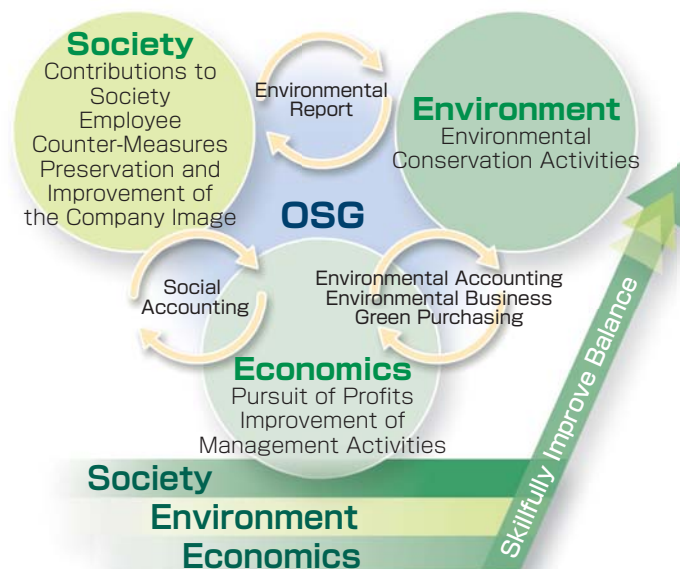
OSG will strive to protect the global environment and act in harmony with nature under OSG's slogans of "an Eco-friendly Company" and "a Culture that cares for the Environment."

Slogans

"An Eco-friendly Company" ,
"A Culture That Cares for the Environment"

Our Course of Action

1. From planning and development to disposal, for each phase in the life of our tools, we will strive to save resources, conserve energy, and reduce waste to preserve the natural environment. Additionally, we will offer products considerate of the environment.
2. We will strive for continuous improvement and pollution prevention.
3. While complying with environmental laws and other requirements, we will bear the responsibility for and manage all business activities that have an impact on the environment, and strive to elevate our level of social responsibility.
4. Our environmental goals and targets will be based on environmental laws, environmental concerns, and the ideas of stakeholders. These goals will be adjusted annually.
5. This policy is the foundation of our environmental management system, and through maintaining it, it will become common knowledge to all employees.
6. When disclosure of this policy is requested outside of the company, it will be open to the public.



Environmental Plan

Mid-Term Plan

With three years as on "stage",with goals and activities in a positive upward spiral, this report is the activity report for the second year of the Fourth stage.

Fourth Mid-Term Plan

December 2008 ~ November 2011

This initiative aims to reduce energy usage and CO2 emissions to year 2000 levels in order to protect the global environment.

Important Points

1. Develop eco-friendly products and production methods, as well as products that save energy, conserve resources, and have longer service lives.
2. Implement plans to reduce energy usage and to achieve greater efficiencies, reducing CO2 emissions while increasing production efficiency.
3. Manage production inputs to reduce waste discharges, thereby reducing the amount of material that becomes waste.
4. Conduct audits of hazardous materials through green procurement methods and reduce the quantity of hazardous chemicals used.

Third Mid-Term Plan

December 2005 ~ November 2008

Efficiently Effective Management
(Light on Structure, Big on Results)

Second Mid-Term Plan

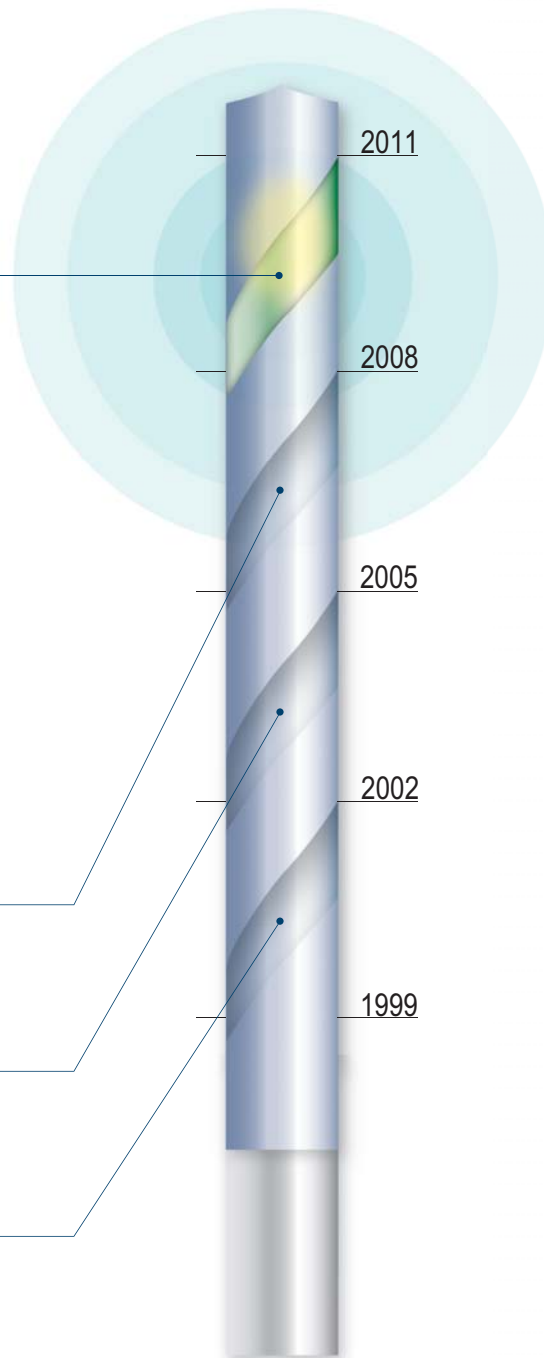
December 2002 ~ November 2005

Pursuing Performance
(Environmental Impact, Cost, Continuous Improvement)

First Mid-Term Plan

December 1999 ~ November 2002

Establishing ISO14001 Environmental Management System



Related Domestic Companies

- November 2000 OSG Coating (in shinshiro FaCtory) Certifield OSG System Products (in Homgu Center) Certifield
- October 2004 Noda Precision ISO14001 Certifield
- December 2005 Sanwa Seiki Shiga Factory ISO14001 Certifield
- October 2007 Nihon Hard Metal Co.LTd ISO14001 Certifield

- October 2007 Aoyama SeisakuSho Co.LTd (in OSG Academy) Certifield
- October 2008 Ohotaka Seikou Co.LTd ISO14001 Certifield
- October 2008 Taiho Sangiyou Co.LTd (in Homgu Center) Certifield

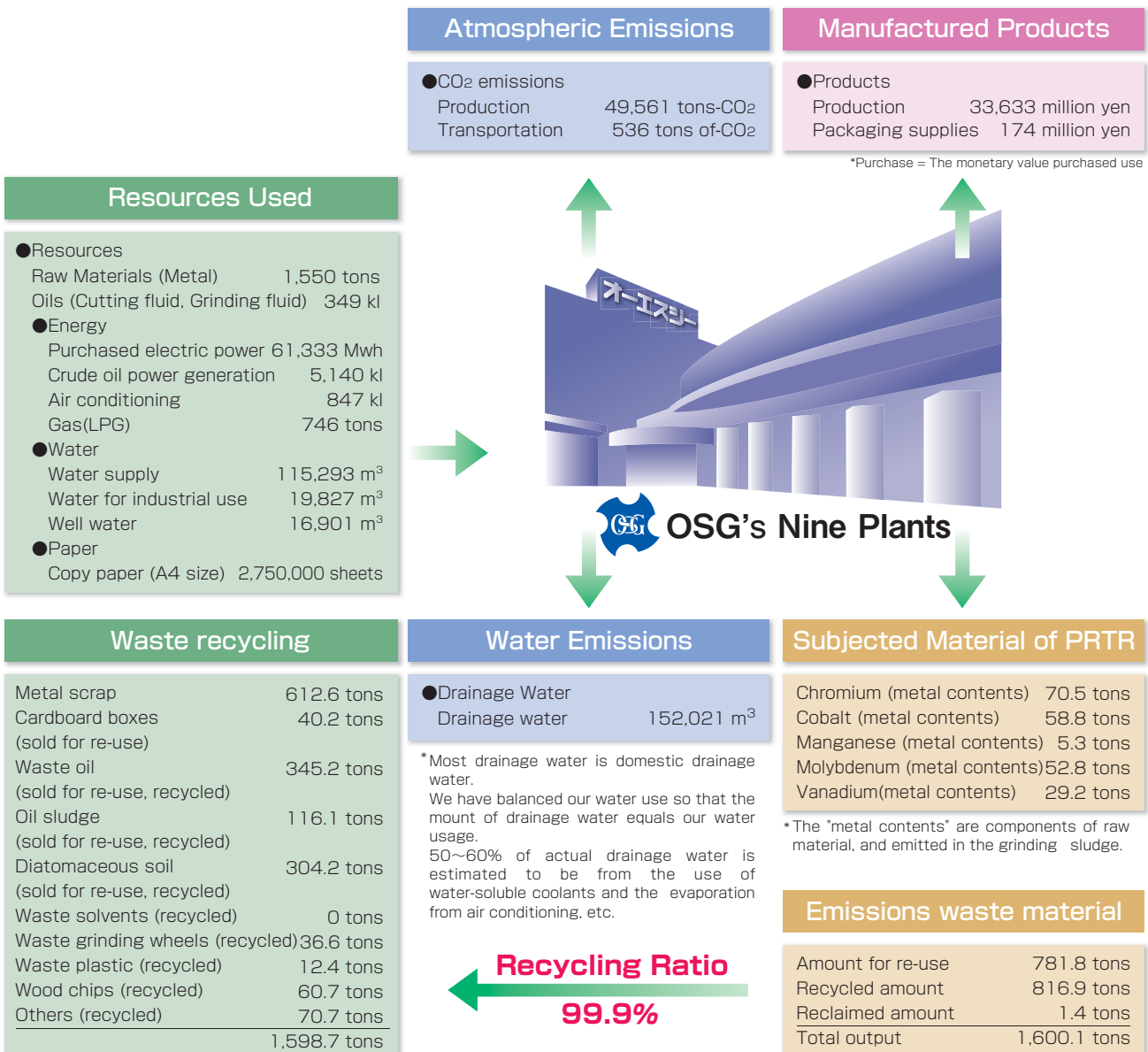
Environmental Plan

Material Balance of Business Activities

At OSG, in order to deliver “products that protect the environment” to our customers, we have proactively implemented continuous environmental improvement in our business activities. However, raising our goals, we are driving towards environmentally compatible design (“Eco Design”) and improving the environmental efficiency of products in every phase of their life cycle and every phase of the supply chain, from design, to production, to use, to recycling.

When used by our customers, our company’s products have a large effect on the consumption of resources, including energy and raw materials. With “ Eco-friendly Products ” as well as “ Eco-friendly Production (high-precision,high-efficiency,long life, etc.)” as keywords, we are making comprehensive efforts to advance tool manufacturing and development as well as machining methods that meet the customers’ needs.

A high recycle rate aiming a “Sustainable Society”



Environmental Activities

Environmental Grand Prize in Fourth Environmental Performance Awards

OSG won the Environmental Grand Prize in the fourth Environmental Performance Awards sponsored by the JSCTA .

This prize is granted to JSCTA members whose environmental activity results are highly evaluated.

OSG received the award as JSCTA highly evaluated OSG's continuous improvements in energy saving and countermeasures against waste based on OSG's environment policies.

Furthermore, OSG's Oike Factory won the Environmental Contributor Prize in the Eco Factory Field and the development group of its Design Center won the Environmental Contributor Prize in the Eco Product Field. This means OSG won three prizes at the same time.

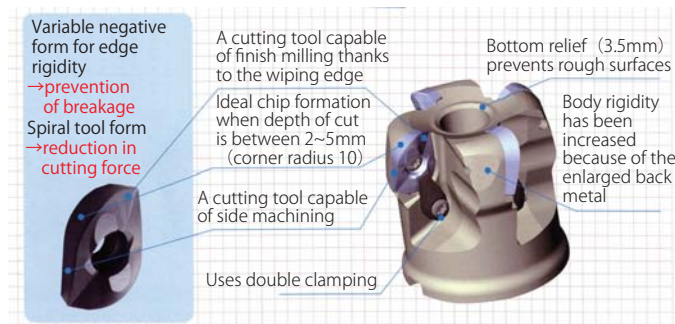


Plaque Environmental Award

Total Solution

Through total coordination working with our customers over a long period, we can resolve their concerns .

As a total solution, new indexable tools have been added to the conventional solid tools.



●Phonenix series

Product Development

OSG's Customer Service (CS) Center uses OSG-made tools, has materials and parts provided by customers, and verifies machining center (MC) programs for improvements in proper machining conditions and efficiency.

OSG is in pursuit of new proposals from the viewpoint of customers, such as ideal mold manufacturing methods with computer-aided manufacturing (CAM) and numerical control (NC) programs employed.



Verification of MC Programs



A helmet carved from a single material with a five-axis-control milling machine.

Environmental Activities

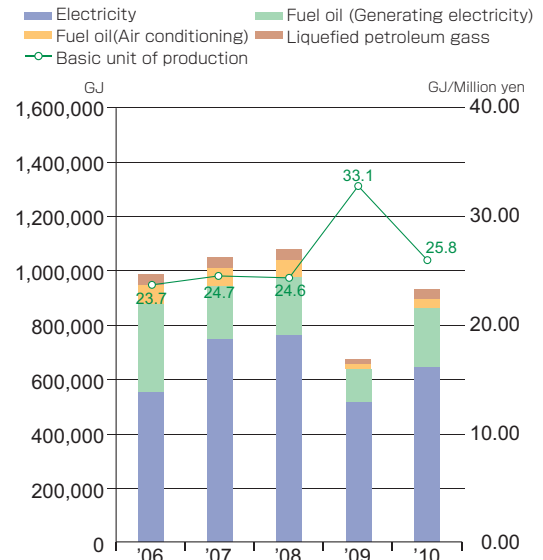
Reductions in Energy Use

OSG has reduced its consumption rate of power by 22% from the year 2009 as a result of energy reduction efforts with the employment of inverter air-conditioning equipment for constant temperature control.



Inverter Installation

[Energy Use]

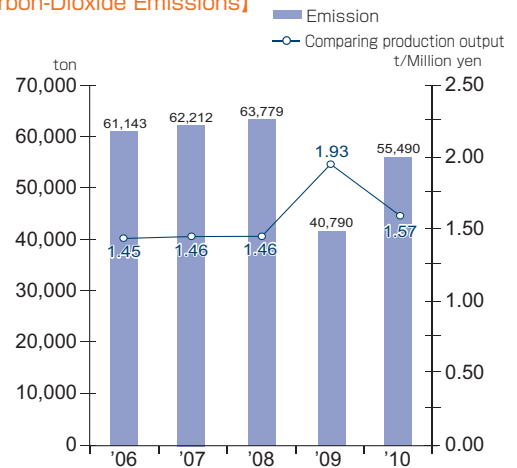


*Group Businesses are cotnained.(OCS,OSP,Aoyama,Taiho)

Reductions in CO₂ Emissions

OSG's production-based rate of CO₂ emissions became worse significantly as a result of a reduction in production in fiscal 2009. The rate has been improved in pace with the recovery of the economy, but it has not reached the level recorded in fiscal 2008 or before.

[Carbon-Dioxide Emissions]

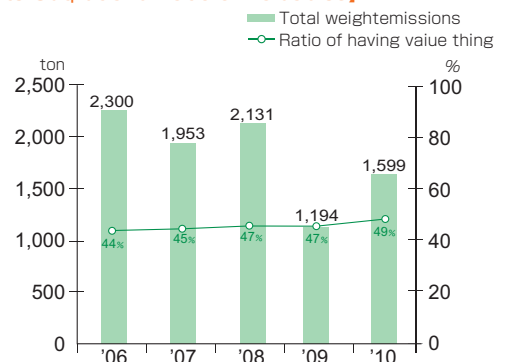


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Emissions Reduction

OSG totally replaced conventional grinding fluid in use with chlorine-free grinding fluid, which changed the waste fluid into a valuable product. However, the total amount of waste discharged in fiscal 2010 was 1,599 tons, a 34% increase from the amount discharged in fiscal 2009.

[Waste Output and Ratio of Valuables]





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