

# ANNUAL ENVIRONMENTAL REPORT 2005

NEC TOKIN Electronics (Philippines), Inc.

(April 1, 2004 to March 31, 2005)



## MESSAGE FROM THE PRESIDENT



Mitsuaki Hayashi

First of all, I'm very glad to issue the NTEPH Environmental Annual Report 2005, and I'd appreciate if you could recognize our environmental activities.

This is my second stay as an expatriate in the Philippines. When I was assigned here for the first time in 1997, we experienced abnormal weather caused by El Niño, which was the biggest El Niño in the 20<sup>th</sup> Century. It used to take us ten to sixteen hours just to go home from the office because of the floods. That was really a nightmare for us.

I think that one of the main causes of abnormal climate is the greenhouse effect. Have you ever seen the movie "THE DAY AFTER TOMORROW"? Anyway, today's average temperature is 0.5 degrees higher compared with that of 100 years ago. If this tendency continues, serious problems will occur in the near future. The problem with the greenhouse effect is that carbon dioxide stays in the troposphere of the earth and works like greenhouse glass to gradually warm the air.

As you know, almost all of the energy used in our plant is supplied by electric generators, which consume fossil fuels and generate carbon dioxide emissions. Even though we need a certain amount of electricity to run our plant, we'll have to do more voluntary efforts, such as changing the temperature settings on air-conditioning, stop idling in the parking lot, plant foliage on the company premises, use reflective ceramic coating on the plant roof, and so on. Some highly developed countries are planning to introduce the carbon tax. We need patience to deal with global warming.

## ENVIRONMENTAL POLICY

**NEC TOKIN Electronics (Philippines), Inc.** ensures harmony between nature and its manufacturing activities with technology and environmentally sound electro-mechanical devices and sub-miniature relays.

### Commitment:

1. Promote resource conservation and reduction of wastes in all activities.
2. Continuously improve environmental management system and prevent pollution.
3. Strictly comply with all relevant regulatory requirements and satisfy all applicable internal and external policies and regulations.
4. Develop activities based on this environmental policy by setting-up objectives and targets that are clearly defined in the environmental management program.

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## NTEPH POWER RELAY PRODUCTS



## COMPANY PROFILE

|                   |   |
|-------------------|---|
| Trade Name        | : NEC TOKIN Electronics (Philippines), Inc.   |
| Location          | : 1 Ring Road, Light Industry and Science Park (LISP) II,<br>Barangay La Mesa, Calamba City<br>4027 Philippines |
| Established       | : March 1996 (NEC Components Phils, Inc.)<br>June 2002 (split from NEC-CPI)                                     |
| Started Operation | : March 1996 (NEC Components Phils, Inc.)<br>September 2002 (NEC TOKIN Electronics (Phils.), Inc)               |
| Capital           | : 320 Million Pesos   |
| Land Area         | : 28,795 m <sup>2</sup>   |
| Floor Area        | : 8,000 m <sup>2</sup>  |
| Employees         | : 1,251 persons (April 2005)  |
| Products          | : Miniature Power Relay for Automotive Use  |

## ENVIRONMENTAL MANAGEMENT HISTORY

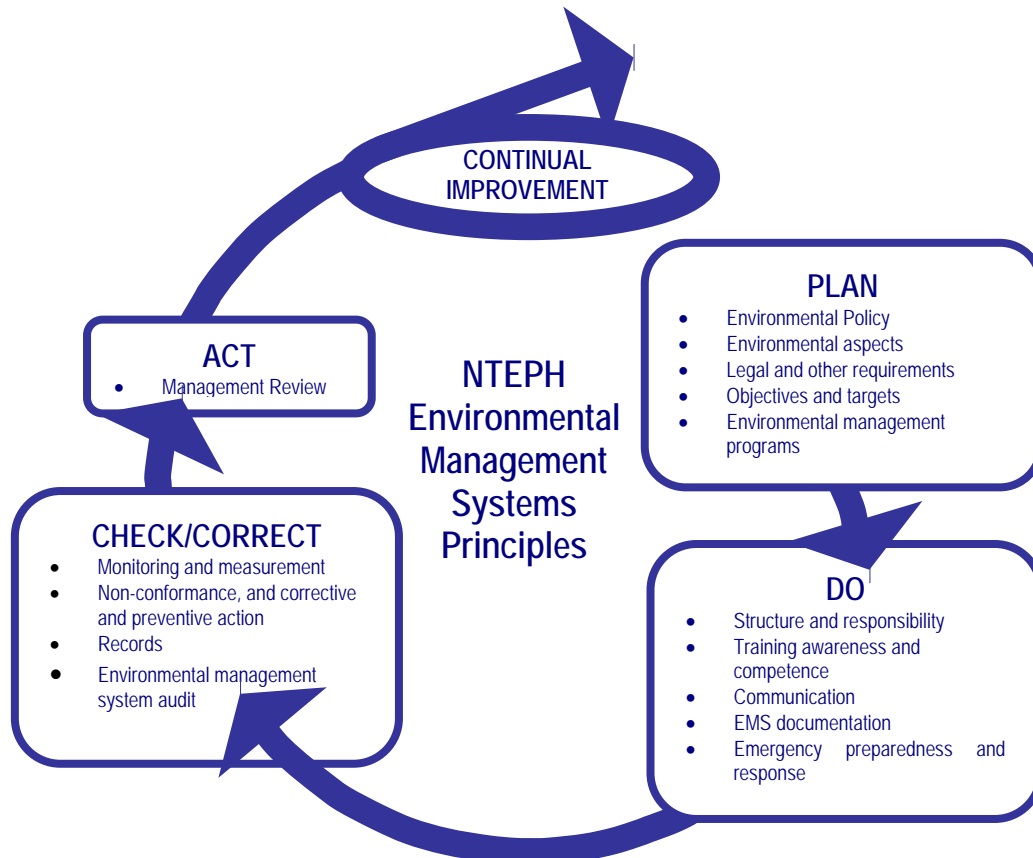
|                        |  |
|------------------------|--|
| <b>March 1998:</b>     | ISO 14001 Certificate was awarded to NEC Components Philippines, Inc. (NEC-CPI)                |
| <b>November 2001:</b>  | NEC Components Philippines, Inc. renewed its EMS certification                                 |
| <b>June 2002:</b>      | NEC TOKIN Electronics Philippines, Inc. was established and has started up its own EMS (NTEPH) |
| <b>September 2002:</b> | The new company launched its own Environmental Policy  |
| <b>November 2002:</b>  | The EMS Manual with its supporting procedures were released                                    |
| <b>December 2002:</b>  | Passed the first EMS Surveillance Audit independent of the previous EMS System of NEC-CPI      |
| <b>January 2003:</b>   | Launched EMS and Health & Safety Programs  |



New ISO 14001 certificate was awarded to NTEPH last March 2003. Certifying body is SGS Phils., Inc.

## ENVIRONMENTAL MANAGEMENT SYSTEM

To incorporate environmental care throughout the corporate structure, NTEPH developed an Environmental Management System which is a useful tool to comply with regulatory requirements, improve corporate image and raise the awareness of employees about environmental and safety issues.



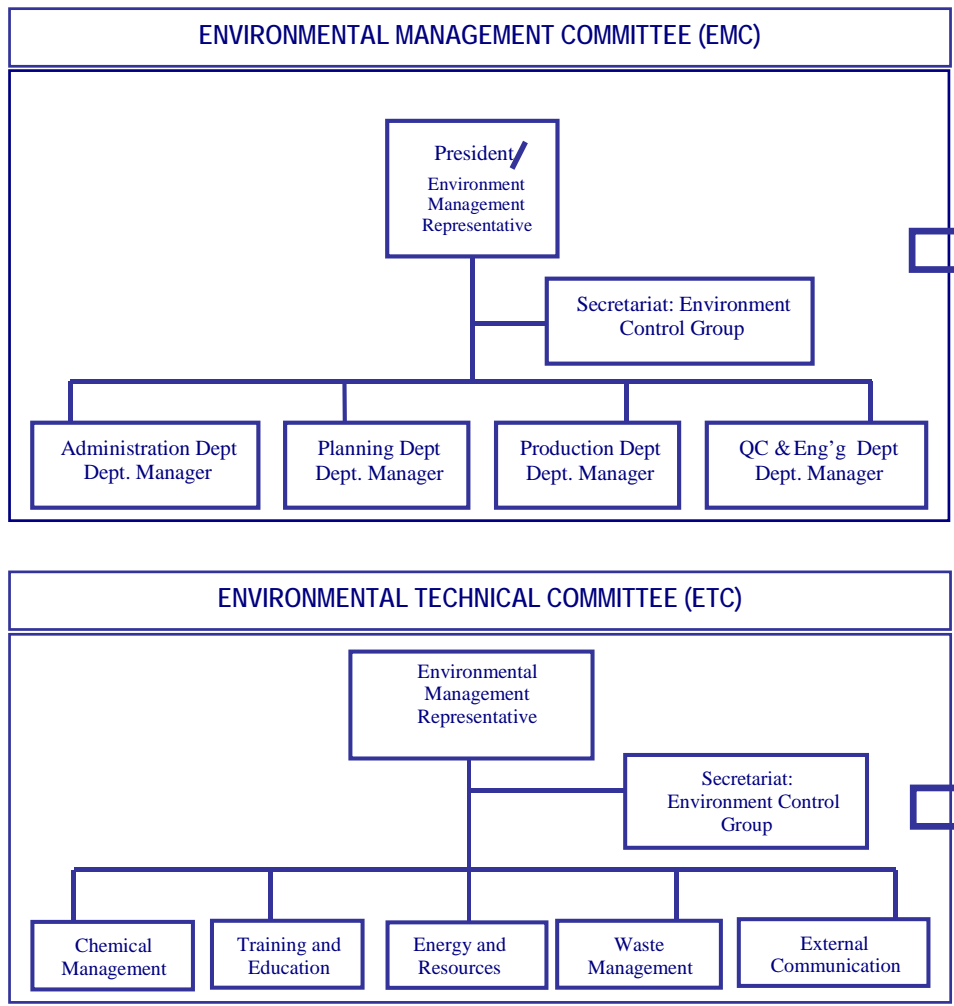
# ENVIRONMENTAL LOAD

The illustration below shows the environmental load of power relay manufacturing operation.



# ENVIRONMENTAL MANAGEMENT STRUCTURE

To ensure that the environmental management system maintains continual improvement and the environmental management program activities are being carried out, the Environmental Management Committee (EMC) & Environmental Technical Committee (ETC) were established



The Environmental Management Committee (EMC) consists of the members of top management of the company headed by the President/EMR. The committee conducts the management review to maintain continual improvement, suitability and effectiveness of the Environmental Management System. The management review is being held semi-annually.

The ETC consists of staff from the different sections whose main objective is to implement and monitor the Environmental Management System. The committee serves as the communication link among all sections / departments to:

- promote pollution prevention and environmental awareness to all employees,
- encourage ideas and discussion for the continual improvement of the system,
- implement and check the progress and conformance of activities undertaken in accordance to the environmental management plan

## LEGAL COMPLIANCE

Legal requirements applicable to the environmental aspects of our activities were identified, implemented and observed. NTEPH meets and exceeds, where practical, the standards and complies with all the environmental and other related regulations.

| Classification                          | Regulatory Body: Law, Regulation  | NTEPH Activities                                     | Regulatory Body | Legal Requirements  | Monitoring Frequency   |
|---|---|--|-----------------|---|--|
| Operation                               | PD 1586<br>DAO 1996-37<br>DAO 1996-37 Procedural Manual<br>DAO 2004-61                | NTEPH Manufacturing and Operation                    | DENR/EMB LLDA   | As stated in the ECC-4A-2002-620-117.   | ---  |
|   | DAO 2003-30   |  |                 | Submission of ECC Compliance Monitoring Report  | Every 6 months   |
|   | DAO 2003-27   |  |                 | Submission of Self-Monitoring Report (SMR)  | Every 3 months   |
|   |   |  |                 |   |  |
| Administrative                          | DAO No.26   | Accreditation of designated PCO<br>PCO activities    | DENR/EMB        | As stated on this law   | ---  |
| Toxic & Hazardous Waste                 | DAO No. 29 RA 6969<br>MC No. 2004-020<br>DAO No. 36 Series of 2004- Procedural Manual | Storage and Disposal of Hazardous Waste              | DENR/EMB PEZA   | Securing Permit to Transport / Uniform Hazardous Waste Manifest Form  | Before transporting and treatment of toxic and hazardous waste |
| Air Pollution                           | DAO No. 14  | Solder Baths, Company Vehicle                        | DENR/EMB        | Renewal of Permit to Operate  | Every 6 months   |
|   | RA 8749 Clean Air Act   |  |                 | Submission of Self Source Emission Monitoring   | Every year   |
|   | DENR 2000-81-IRR for RA 8749  |  | DOTC/LTO        | Vehicle emission should pass applicable parameter   | Every year   |
|   |   |  | DENR/EMB        | Ambient air testing requirement   | Every 3 months   |
|   | DAO No. 2004-08   | Chiller Operation, Thermal Shock Equipment           | DENR/EMB        | For Annex C (Use of R-22):<br>a. Starting 01 January 2016, imports shall not exceed the recorded annual importation for year 2015 by ODP weight.<br>b. Starting 01 January 2040, importation shall have been absolutely prohibited. | ---  |
| Noise Pollution                         | PD 984  | NTEPH Manufacturing and Operation                    | DENR/EMB        | Noise levels should pass NPCC Standard: 70 dBA (Class C)  | Every 3 months   |
| Waste Water                             | Light Industry and Science Park Waste Water Standard                                  | Domestic Waste Water Discharge                       | LISP II         | Discharge should pass applicable parameter;<br>BOD <1000 mg/L<br>Oil and Grease <10 mg/L<br>pH 6.5-9.0 units  | Every month  |
| Occupational Safety and Health Standard | Article 62, Book IV of the Labor Code of the Philippines, PD. 42                      | NTEPH manufacturing and non-manufacturing activities | DOLE, BWC       | The company is mandated to apply and implement Occupational Health and Safety Standard.   | ---  |
| Solid Waste Management                  | RA. 9003<br>DAO No. 2001-34 IRR of RA 9003  | Storage and Disposal of Solid Waste                  | DENR/LGU        | Rules mandated by this law  | ---  |

## ENVIRONMENTAL AUDIT

External and internal audits are conducted to ensure compliance to ISO 14001 Environmental Management Systems, legal requirements and to evaluate the company performance against set objectives and targets. Results from these activities are reported in the periodical environmental management review meeting.

Record of Audits for FY 2004

| Date                 | Names of Audit                       | Auditor                          |
|----------------------|--------------------------------------|----------------------------------|
| August 04, 2004      | EMS Internal Audit                   | NTEPH Certified Internal Auditor |
| November 19, 2004    |                                      |                                  |
| November 25-26, 2004 | EMS Surveillance Audit (third party) | SGS Phils., Inc. Auditors        |

## ACTUAL RESULTS for 2004 OBJECTIVES AND TARGETS

NTEPH sets objectives for environmental improvement and develop targets and programs with specific action plans.

| Objective  | Target   | Actual Result   | Judgement    |
|--|--|---|--------------|
| Reduce chemical usage  | 5% reduction of chemicals consumption of FY 2003                           | 6 out 10 chemicals has more than 10% reduction  | 60% Achieved |
| Improve electricity usage  | 5% reduction of the actual consumption of FY 2003                          | 8.84 % increase   | Not Achieved |
| Improve water usage  | 5% reduction of the actual consumption of FY 2002                          | 28 % reduction  | Achieved     |
| Improve paper usage  | 5% reduction of the actual consumption of FY 2002                          | 5.59 % reduction  | Achieved     |
| Solid waste reduction- Increase PBT/LCP recycling machine capacity | 75% and above recycling Index  | 53.53% recycling Index  | Not Achieved |
| Toxic waste reduction  | Lead Solder consumption: 0.130 kg/Kpcs. of relay or less                   | 0.06 kg/Kpcs. of relay (currently NTEPH is shifted to 100% lead free solder material)   | Achieved     |
| Comply with legal requirements                                     | Submit legal requirement Documents 100% on-time                            | Self-monitoring quarterly report submitted on time to DENR.<br>Application for renewal of permit to operates submitted on time. | Achieved     |
|  | Receive no complaints from neighbors                                       | None  | Achieved     |
| Promote environmental awareness to all employees                   | 100% EMS awareness   | Conducted company wide EMS Awareness training including Contractors   | Achieved     |
| Contribute to society  | Conduct at least one environmental clean up activity or out-reach program. | 1 tree planting and 4 community involvement activities  | Achieved     |

## TARGETS FOR 2005

| Objective  | Target   |
|--|--|
| Improve chemical handling                                    | Zero chemical-related accident and chemical spill                          |
| Improve electricity usage                                    | 2% reduction of the actual consumption of August '04~ Dec. '04             |
| Improve water usage  | 2% reduction of the actual consumption of FY 2004                          |
| Improve paper usage  | 5% reduction of the actual consumption of FY 2004                          |
| Industrial waste: Improved Recycling Ratio                   | 99% or more  |
| Industrial waste reduction- Increase LCP/PBT Recycling index | 60% or more  |
| General waste reduction                                      | 10 kg/head or less   |
| Comply with legal requirements                               | Submit Legal Requirement Documents 100% on-time                            |
|  | Receive no complaints from neighbors                                       |
| Promote environmental awareness to all employees             | 100% EMS Awareness   |
| Contribute to society  | Conduct at least one environmental clean up activity or Out-reach program. |

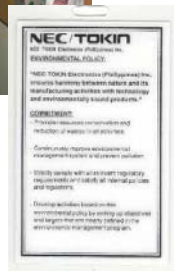
## PROMOTE ENVIRONMENTAL AWARENESS

NTEPH provides training and environmental campaign to all employees in order to promote environmental awareness and to improve the level of employees' competency regarding operations that carry significant environmental impacts

### Environmental Consciousness Campaign



**Bulletin Board**



Environmental Policy cards are distributed to employees

## SOLID WASTE REDUCTION



### Waste Segregation

Our company implements waste segregation for recyclable and non-recyclable materials to reduce solid waste and gain additional profit as well.

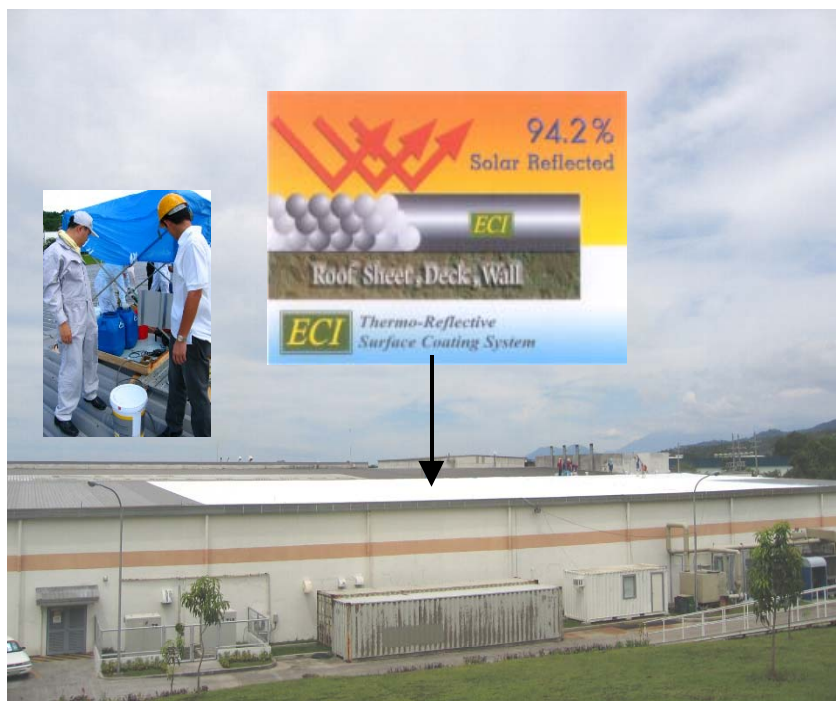


### LCP Waste Reduction

LCP runners are recycled 100%.

## ENERGY AND WATER SAVINGS

NTEPH reduced electric and water consumption by yield rates improvements, maintenance of machines and facilities including the following:



### Ceramic Painting

To stabilize the normal temperature and humidity condition inside production area and to reduce electric consumption of air conditioning unit, ceramic painting was applied on the plant roof.

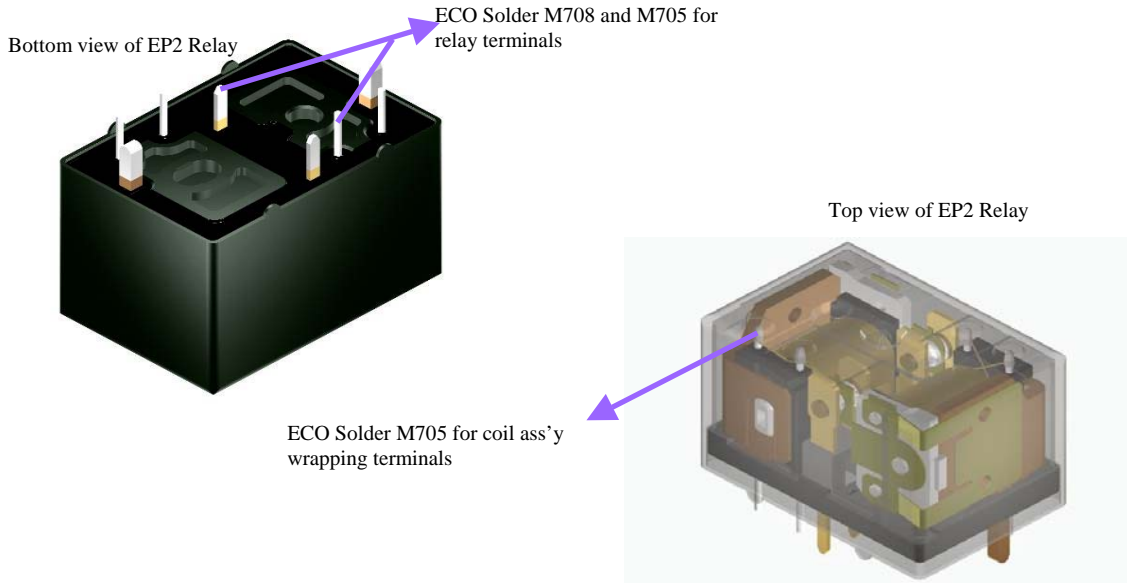


### ETC Monthly Patrol

Environment Technical Committee (ETC) Members conducts Monthly Patrol to check areas for improvement in terms of water, electrical usage and other activities in relations to environmental impact

## ENVIRONMENTALLY FRIENDLY PRODUCT

All power relay products are now using lead free solder materials.



## HEALTH AND SAFETY MANAGEMENT

NTEPH realizes the value of its human resources, hence opportunities to increase the quality of life of employees thru health care services, training's and safety on the workplace are part of the strategies.



**Fire Evacuation Drill**



**Chemical Safety Training**



**NEC TOKIN Fire Brigade Team- Back to Back Champion**

NTEPH Fire Brigade Team bagged again the **1<sup>st</sup> Place in the LISP II Fire Brigade Skills Competition** held last March 11, 2005 wherein different LISP Locators participated.

## ENVIRONMENTAL CONSERVATION PROGRAM



Plant Clean-up activity with 37 participants.



Tree planting with Mr. K. Wakamatsu (from left), Mr. M. Hayashi, Mr. Y. Haneta and Mr. A Sakamoto

## CONTRIBUTION TO SOCIETY



NTEPH Environmental Officers participated in a tree planting campaign organized by LISP II in Brgy. La Mesa, Calamba, Laguna



NTEPH employees donated old clothes and foods for the typhoon victims in Quezon province.



NTEPH donated 2 Used Personal Computers and 100 sets of school supplies in Brgy. Real Public Elementary School.



NTEPH Environmental Officers taught students of Brgy. La Mesa Public Elementary School on Solid Waste Management. The series of presentation was concluded by interaction of the group on *"How They Can Make a Difference."*



For further information, contact:

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