

Environmental Accounting: Fiscal 2005 Results

Sanden employs environmental accounting to ascertain the effects of environmental investments and costs with the aim of reducing overall costs and disclosing information on the Company's environmental activities. Sanden previously used a unique method of environmental accounting based on guidelines issued by Japan's former Environment Agency; however, in fiscal 2005, the Company moved to a method based on Japan's Ministry of the Environment's Environmental Reporting Guidelines (fiscal 2005 version), which was issued in February 2005.

In addition, since fiscal 2004, Sanden has employed the Environmental Policy Priorities Index for Japan (JEPIX) to assess the integrated environmental impact of the Company and its domestic and overseas affiliates. Sanden takes assessment results into account when formulating fiscal year environmental policies.

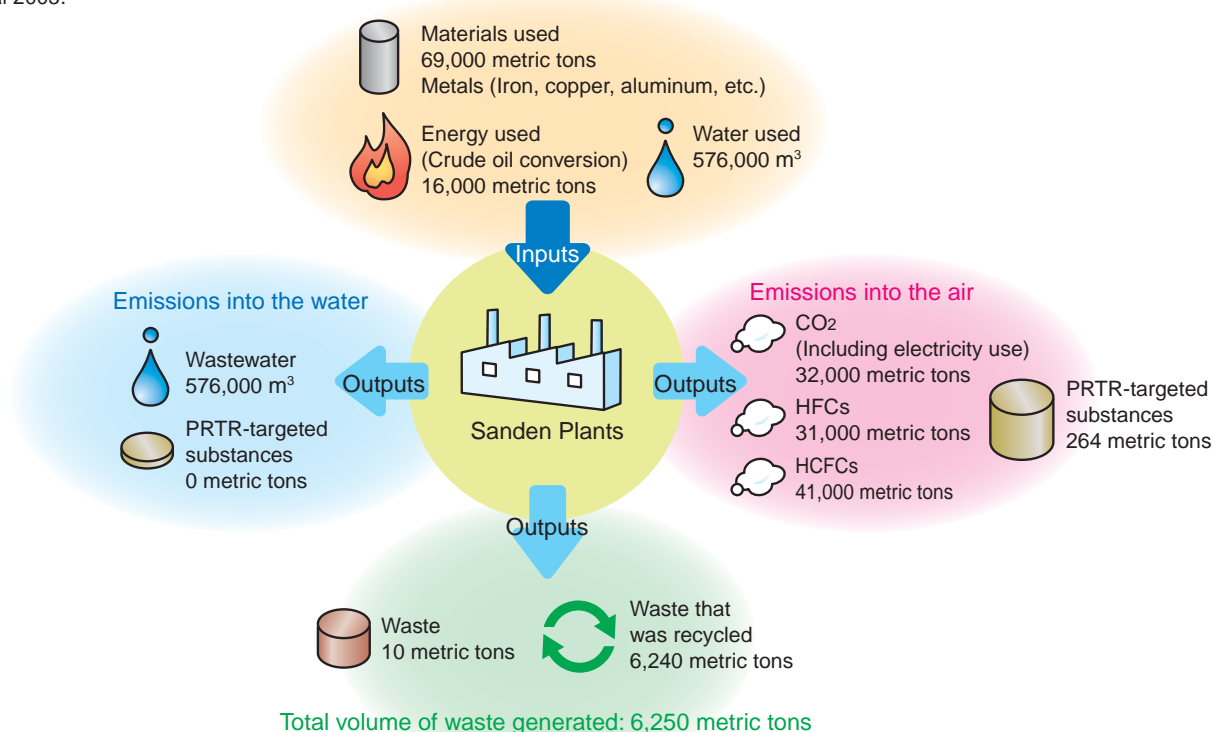
Environmental Costs

(100 Millions of yen)

Classification	Major initiatives and effects (from guidelines)	Investment	Expense
Business Area Costs	Costs associated with reducing the environmental impact that occurs within business areas (areas in which companies can directly manage their impact on the environment, including logistics and sales activities) as a direct result of production and service activities	104	235
Breakdown	Pollution Prevention Costs	-	96
	Global Environmental Preservation Costs	104	31
	Resource-Related Costs	-	108
Upstream/Downstream Costs	Costs associated with green procurement and other measures to reduce the environmental impact of upstream activities and costs associated with measures to reduce the environmental impact of downstream activities, including use, consumption, and disposal of containers, packaging, and products manufactured and sold by the company	-	79
Administration Costs	Costs associated with measures that contribute indirectly to reducing the environmental impact of business activities through the management of environmental preservation activities	-	133
R&D Costs	R&D costs related to environmental preservation, including relevant personnel costs and R&D investments	-	1,734
Social Activity Costs	Costs associated with social contribution activities that are not directly related to business activities and contribute to environmental preservation as well as costs associated with the provision of information and other efforts on the part of the company to communicate with society	38	15
Environmental Remediation Costs	Costs related to the remediation of environmental damage caused by business activities, which, as a result are costs related to environmental preservation	-	-
Subtotal		142	2,196
Total		2,338	

Volume of Principle Resources Used at and Emissions from Plants

Sanden has calculated the volume of principle resources used at plants and the volume of emissions from plants into the air and water in fiscal 2005.

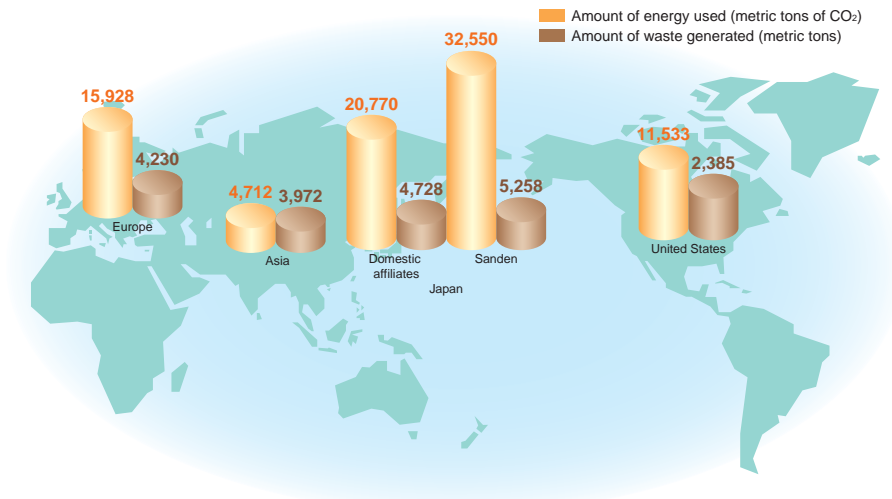


Global Environmental Accounting

The Sanden Group employs environmental accounting to obtain quantitative information, including on the amounts of energy used and waste generated and monetary information. This information is gathered and used in in-house information network and Internet postings, environmental reports created by individual companies every fiscal year, and environmental management documents and is utilized in the formulation of environmental policies.

Energy use is expressed as CO₂ equivalents as a standard index using the Ministry of the Environment's Environmental Activities Evaluation Program.

Sanden's Energy Consumption and Waste Generation on a Global Basis



Using JEPIX to Assess Total Environmental Impact

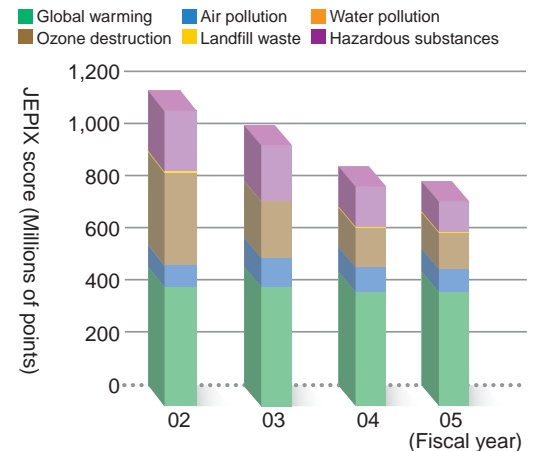
In fiscal 2004, Sanden began using the Environmental Policy Priorities Index for Japan (JEPIX) in the interest of adopting an index that is easier to understand and promoting the development of effective environmental preservation activities. The Company uses this single index to assess the total environmental impact of its offices.

In fiscal 2005, we worked to achieve environmental targets established with this index in mind. Thanks to such initiatives as efforts to find substitutes for chlorinated organic solvents that are used as detergents and increase the rate of recovery of CFCs used in experiments, we reduced our environmental impact to 31% (JEPIX score) below the fiscal 2002 level.

Although JEPIX is designed for use in Japan, Sanden is applying the index on a trial basis at its overseas subsidiaries to assess the environmental impact of their operations as well as improvements in environmental performance that these companies have achieved through environmental activities. In fiscal 2005, Sanden's global environmental impact was primarily attributable to hazardous substances. This is a result of an increase in the volume of organic solvents used as detergents accompanying expanded production, mainly in Asia. Sanden aims to completely eliminate environmental impact stemming from hazardous substances by the end of fiscal 2007, and each overseas affiliate is doing its part to meet this goal.

The introduction of this integrated index has enabled us put the environmental impact of the Group and individual business sites in perspective, revealing disparities throughout the Group. In the upcoming fiscal year, we will once again make use of JEPIX in the formulation of our environmental policy for the fiscal year as we strive to reduce the impact of our operations on the environment.

Sanden's Environmental Impact (JEPIX)



The Sanden Group's Environmental Impact (JEPIX: fiscal 2004)

