

# Results of Environmental Preservation Activities

Sanden establishes a Companywide environmental policy for each fiscal year based on its Environmental Charter, Medium-to-Long-Term Plan, and Environmental Vision. This policy guides our environmental activities and comprises tasks to be undertaken by the Company as a whole and tasks to be undertaken by individual business sites. In fiscal 2005, Sanden employees concentrated on developing and selling environmentally advanced products, making products as well as manufacturing activities more energy efficient, and reducing the use of hazardous substances, with an eye to completely eliminating all forms of waste from the product cycle.

## Fiscal 2005 Results of Environmental Preservation Activities

Area	Environmental Target		Performance in Fiscal 2005	Progress
Products	Eco-products:	Raise the percentage of products that are eco-products to 40% (Food distribution)	Increased the percentage to 49%	Good
		Raise the percentage of eco-product sales to 25% of total sales (Food distribution)	Increased the percentage to 28%	Good
	Energy conservation:	Reduce energy consumption during product use by 40% from the fiscal 2000 level	Automotive business: improvements in the coefficient of performance (COP), optimal control of systems Food business: average 42% reduction	Good
	Resource conservation:	Make products lighter, increase the recycling rate 2% from the fiscal 2003 level	Achieved a 3% increase	Good
	Reducing the use of hazardous substances:	Develop technologies to replace those using hexavalent chromium, lead, and cadmium by July 2005	Use of lead in paints and hexavalent chromium in coatings completely eliminated	Good
		Eliminate the use of lead in household boilers	Eliminated	Good
Manufacturing	Energy conservation:	Reduce energy use per unit of production by 10% from the previous fiscal year level	Achieved a 7% reduction	Poor
		Reduce energy use per unit of distribution by 5% from the previous fiscal year level	Modal shift *Marine transport: 360 metric ton reduction in CO <sub>2</sub> *Train transport: 240 metric ton reduction in CO <sub>2</sub>	Fair
	Waste reduction:	Reduce waste per unit of production by 3% from the previous fiscal year level	Achieved a 5% reduction	Good
		Reduce the volume of waste incinerated at the Yattajima Plant by 50% from the fiscal 2001 level	Achieved a 55% reduction	Good
		Achieve zero emissions at eight domestic affiliates	Zero emissions achieved at eight domestic affiliates	Good
	Hazardous chemicals:	Move to the use of returnable pallets for overseas shipments of compressors	Switched to the use of returnable pallets for shipments to France	Good
		Reduce the volume of dichloromethane emissions from manufacturing processes by 60% from the fiscal 2000 level	Achieved a 70% reduction	Good
		Raise the rate of recovery for CFCs following the completion of experiments to 60%	Raised the rate of recovery to 62%	Good
Management	Expand green procurement activities with parts manufacturers		*Conducted a survey pertaining to products containing hazardous substances *Established green procurement guidelines	Good
	Promote the purchase of eco-products		Promote purchasing from eco catalog	Good
	Ensure that plant activities do not result in environmental pollution of neighboring areas		No complaints were received	Good
	Integrate environmental management systems on a global basis		Development of an integrated manual	Good
	Actively promote volunteer activities as part of social contribution activities		*Individual business sites engaged in cleanup activities, afforestation activities, and seedling programs *Entered into an agreement with the city of Ilesaki regarding a beautification program	Good

## Major Environmental Targets for Fiscal 2006

In fiscal 2006, we will work toward our goal of becoming a group of environmentally literate companies where every employee constantly strives to make our corporate activities friendlier by making greater use of life cycle assessments (LCAs) and quality function deployment for environment (QFDE) in product development and

manufacturing activities as well as endeavoring to eliminate all forms of waste. In addition, we will continue to employ the newly introduced JEPIX index and strive to reduce the Group's total environmental impact.

Area	Environmental Target (Reductions refer to reductions from the previous fiscal year level)
Products	Accelerate the development of eco-products, raise the percentage of products that are eco-products to 70% (Food distribution)
	Energy conservation: Create innovative technologies, reduce energy consumption during product use by 10%
	Resource conservation: Make products lighter, increase the recycling rate by 5%
	Reducing the use of hazardous substances: Promote green procurement, completely eliminate the use of substances that are restricted in the EU
	Reinforce our appeal to customers to purchase eco-products, raise the percentage of eco-product sales to 40% of total sales (Food distribution)
Manufacturing	Energy conservation: Reduce energy use per unit of production by 10%
	Waste reduction: Reduce waste per unit of production by 5%
	Hazardous substances: Reduce the volume of dichloromethane emissions from manufacturing processes by 20%
Management	Expand green procurement activities with parts manufacturers
	Move forward with environmental management system integration to bolster environmental activities
	Ensure that plant activities do not result in environmental pollution of neighboring areas
	Actively promote volunteer activities as part of social contribution activities