

We will respect regional customs and cultures around the world and contribute to the social and cultural development of the communities, which we are related with.

Sanden is working with suppliers that can live up to the expectations of world-class customers in terms of global contributions to environmental preservation and the international community; compliance with laws, regulations, and social norms; and technological development. Sanden highly values the relationships built on trust that it enjoys with its business partners and is committed to achieving ongoing improvement in quality, delivery times, costs, and the environment through close communication with these suppliers.

### ■ Materials & Part Supply (MPS) Policy

Sanden changed the name of its procurement sections to MPS in June 2005. MPS, which stands for Materials & Parts Supply, encompasses the reliable and efficient supply of competitive materials as well as parts from suppliers to Sanden factories, as well as the supply of products to Sanden customers around the world. As stated in our Corporate Philosophy, we are dedicated to supplying customers with products, systems, and services of the highest quality. For this purpose, we adopt the standpoint of a buyer to focus on procuring the parts required to supply products that can always satisfy customers.

In the past, procurement activities have focused on three goals: for quality - achieving the quality levels required by designs; for cost - achieving cost targets; and for delivery - always staying on schedule. Now, we are using the MPS concept to take these three goals to a higher level. For quality, we also aim for process quality to achieve targets for functions. For cost, we aim to build win-win relationships that are mutually beneficial for customers, suppliers, and Sanden. For delivery, our goal is on-demand deliveries. We have upgraded our procurement processes by adding a supply perspective to the existing focus on quality, cost, and delivery. We will employ this approach to use our own resources to meet all demands of customers.

Accomplishing this goal will require eliminating procurement risk and building the necessary infrastructure. Furthermore, we must use the procurement process to constantly supply customers with products, systems, and services of the highest quality. To achieve this, we are deepening communications with suppliers in order to enhance the soundness of our business activities.

### ■ Sanden CF Conferences

In February of each year, we hold our Sanden CF conference, standing for "Create Future" conference, to explain our management and MPS policies to our suppliers. In 2007, 126 of our domestic suppliers participated, and, based on the thinking underlying our 21st century corporate concept of "growing globally as a company in the environmental business domain," we worked to enable our suppliers to gain a deeper understanding of our corporate philosophy and build even stronger relationships based on mutual trust.

### ■ Joint Improvement Activities with Suppliers

To promote our MPS concept of "the reliable and efficient supply of competitive materials as well as parts from suppliers to Sanden factories, and the supply of products to Sanden's world-class customers around the globe," we are striving to share common values with our suppliers and implement activities that align with our goals.

These activities are focused on promoting "reform in manufacturing goods," primarily through improvements in the manufacturing workplace, and are intended to strengthen competitiveness. The beneficial results of these activities are confirmed in Sanden Group presentations, and they help to stimulate and encourage mutual efforts among Sanden and its suppliers, thus creating a "win-win" environment.



Joint Improvement Activities with Suppliers