

The Sanden Eco-Label system aims to reduce environmental impact by products. When customers use our products, the impact on the environment is reduced.

In fiscal 2002, we introduced the Sanden Eco-Label program to promote the development of eco-products and actively provide customers with environmental information. Under this program, products that demonstrate an outstanding level of environment-friendliness in their respective product life cycles and thus contribute to the protection of the global environment are designated "environmentally advanced products" and may bear the Sanden Eco-Label.

In the past fiscal year, we proceeded with measures to obtain certification for our products, especially in the food-related equipment area. As a result, we attained our goal of having 85% of our products certified for Eco-Labels. Going forward, we are planning to expand this system to automotive equipment.

We believe that the best way for us to help protect the global environment is to develop environmentally advanced products and encourage customers to use these products. In product development, we are actively working to conserve energy, contribute to the establishment of a sustainable society through product recycling, and completely eliminate the use of hazardous substances as part of efforts to achieve our goal of obtaining Sanden Eco-Label certification for all products by 2010.

In fiscal 2006, we reached a cumulative total of 85% of the targets under the Sanden Eco-Label system, which is in line with our objective of 85%.

Since establishing this system, activities have been focused primarily in the vending machine and showcase businesses. In fiscal 2004, Eco-Label products as a share of all Sanden products sold became a new element of our environmental targets. By taking a variety of actions, we achieved our fiscal 2005 goal of 40%.

Product assessment standards are fundamental to the Sanden Eco-Label. In 1996, we began conducting simple assessments of products designed to be environment-friendly, focusing on energy efficiency and recycle capability, as part of activities to attain ISO 14001 certification. In response to the growing demand for environmentally responsible products, Sanden formed a Company-wide task force in 1999 to provide an additional means of assessing products. Since then, every department involved in development activities has been working on creating "advanced environmental products" by developing highly innovative products.

Under the current system, evaluation items are selected and targets are established for each business area based on various environmental issues, laws, and regulations as well as industry association information. Specifically, in the early stages of design, target values are set for each evaluation item and a wide range of materials, organizations, structures, and technologies are considered throughout the design process to overcome obstacles to meeting these targets. Then, in the evaluation stage of product development, progress toward achieving these targets is assessed.

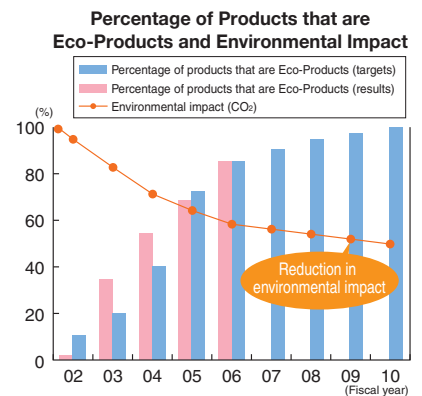
The first product to achieve Sanden Eco-Label certification—a cup-type coffee vending machine—won the Chairman's Award in the Fiscal 2003 Energy Conservation Awards sponsored by the Energy Conservation Center, Japan.

Activities of the Japan Auto Parts Industries Association

Since fiscal 2005, Sanden has participated in the working group for product environmental indicators of the Japan Auto Parts Industries Association. To increase the environmental friendliness and the convenience as well as other aspects of the value added of automotive parts and components, this working group introduced product environmental indicators that take account of both environmental friendliness and value added, and, with the aim of aggressively improving designs that reflect regard for the environment, 19 companies belonging to the association came together to develop these environmental indicators. The results of their activities were summarized in the Product Environmental Guidelines of the Japan Auto Parts Industries Association, which may be accessed at <http://www.japia.or.jp>.

Sanden has also worked to attain these environmental efficiency indicators in its air conditioner compressor business, in line with the association's guidelines.

Looking ahead, we plan to link the product environmental indicators issued by the association with the Sanden Eco-Label system and obtain certifications for our automotive products.



- Sanden Eco-Label Criteria**
Products must meet the following three requirements to carry the Sanden Eco-Label
1. Products that meet assessment standards
 2. Products that are particularly environment-friendly
 3. Products that are manufactured at an ISO 14001 certified plant

Product		Conventional product	New product
		Fixed volume compressor SD	Variable volume compressor SDV
Environmental impact	Warming	3814.9	2989.4
	Resource use	265.5	244.8
	Environmental impact substances	714.7	709.4
Environmental efficiency	Warming	0.042	0.056
	Resource use	0.610	0.688
	Environmental impact substances	0.227	0.237
Product environmental impact indicator	Warming		1.33
	Resource use		1.13
	Environmental impact substances		1.05