

We will grow together with our employees by creating an organizational culture that encourages free and vigorous communication imbued with a spirit of respect for humanity in line with our corporate culture of challenge and innovation.

■A Company Is as Good as the People it Keeps

"Teamwork among employees and within the organization is the basis of a company's prosperity" This is the basic concept that lives on in the founding spirit of the Company. "In planning for one year, plant grain. In planning for 10 years, plant trees. In planning for 100 years, nothing compares to nurturing people." (Chinese philosopher Guanzi)

For a company to continue and develop for 50 or 100 years, people are important above all other considerations. Sanden understands the need to consistently develop superior human resources. Sanden's founders made these words their guiding management philosophy.

■A Corporate Culture that Seeks Challenges and Innovations

Sanden's culture embraces the desire to actively confront challenges without regard for conventions. This is something that will persist regardless of the work location or the passage of time and is a stance that serves as Sanden's basis and an ongoing commitment to be practiced on a daily basis as a matter of habit.

■Respect for Human Rights

Respect for human rights is a value shared throughout the world. Based on its basic concept "a company is as good as the people it keeps," Sanden strongly emphasizes giving people respect along with equal opportunities.

Respect for Humanity

Sanden is committed to creating an environment where every employee can and does fully realize his or her potential.

Equal Opportunity

Sanden is committed to creating a working environment where every employee can contribute fully, without discrimination. To this end, we are proactively working to enhance our child and family care leave system and employ people with disabilities.

■Advancing from the Women's Dynamism Promotion Project to the Human Resource Dynamism Promotion Project

In line with its principle of helping each individual employee fully realize his or her potential, Sanden initially focused on women employees by launching a women's dynamism promotion project on March 21, 2004. This project covered women members serving in diverse workplaces and job types, and three years of project activities have brought considerable gains regarding the creation of an environment that supports efforts to harmonize work and family life and regarding an increase in women employees' awareness of related issues. Building on the success of the women's dynamism promotion project, in July 2007, we began a human resource dynamism promotion project focused on the goal of "building a corporate culture that enables all employees with motivation and ability to fully realize their personalities and potentials with full peace of mind." This program is seeking to consider opportunities for dynamically working and advancing and provide such opportunities to all employees, regardless of their gender, thereby increasing the vitality of workplaces and fostering a corporate culture that effectively develops its human resources.

■Inauguration of Sanden Management Achievement School

Aiming to ensure the sustenance and leveraging of STQM along with the identification and development of Sanden's next generation of top executives, we began operating the Sanden Management Achievement School from February 2008. Each class at the school is composed of young students (12 students per semester) selected from among those who take the initiative in submitting applications or are recommended by their unit leaders. Their autonomously run class sessions are held over five periods of two days and one night.

The school's management classes—including those directly guided by Chairman Ushikubo as well as discussions participated in by all students—focus on means of strengthening and deepening management power and leadership power. Discussions are held on such themes as "learning from the Company's history," "principles of management and business strategy," and the "a company is as good as the people it keeps" concept. Students are encouraged to earnestly consider the chairman's experience, actions, beliefs, willpower, dreams, and vision as a way of helping perpetuate Sanden's corporate DNA.

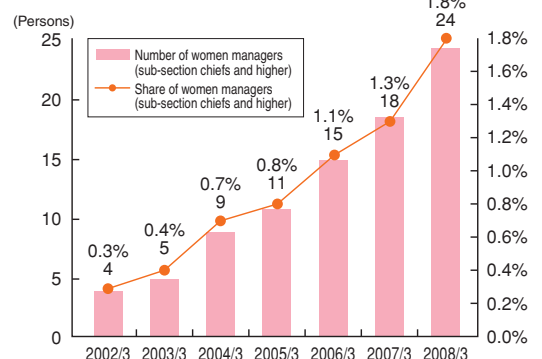


■The "a company is as good as the people it keeps" concept handwritten by the chairman



■Sanden's fundamental corporate philosophy

■Number and Share of Women Managers (Sub-Section Chiefs and Higher)



■Support for Employees' Career Development

Based on the concept that "productivity is maximized when the values of individuals and the Company coincide," each Sanden employee sets personal challenge goals, and the Company works to provide the employee with opportunities and positioning that help the employee enjoy the pleasure of surmounting challenges, attaining objectives, and realizing personal growth.

1. Based on communication between managers and subordinates, "Challenge Sheets" are created and utilized to integrate the development of Company policies and division policies with the autonomous goal setting of individual employees.
2. While emphasizing individual employees' desires, measures are taken to offer challenging new jobs and work themes through the "FA System" as well as the "open, in-company recruitment system," which offers employees additional career development opportunities.
3. We have established a career consultation office to provide individual employees with career-related information and advice. The office is always available to employees desiring career development support.
4. When employees are approaching the age of 40, which is commonly considered a major turning point in career development, they are invited to attend a "Life Plan Seminar." These seminars encourage employees to review their work (skills, career) and private life to date and consciously lay life plans for their future personal progress, and the Company strives to give them opportunities in line with their plans.

■The Sanden Community Plaza; Training Center

Recognizing that human resource development is a fundamental source of corporate value, Sanden emphasizes this basic concept throughout its educational and training programs. Classes are held at Sanden's training center—the Sanden Communication Plaza—where employees can acquire crucial work skills and knowledge in addition to attending presentations by senior Sanden executives, sharing values with one another, and participating in debates as well as other activi-

ties that promote interactive learning. These programs enable participants to help each other sharpen skills and deepen mutual communication.

■Training by Job Classification

When employees move from one job classification to another—from the time they enter the Company, through middle- and upper-level employee classifications, and then to managerial and senior management positions—Sanden conducts training for employees for the job classifications they are about to enter. These training programs offer opportunities for motivating and renewing the awareness of staff members. In fiscal 2007, we substantially revised these programs, implementing a shift from emphasis on management (administration) skills to a stronger focus on promoting a better shared awareness of our corporate philosophy and vision. Especially meaningful for participants was the chance to hear Company directors express their thinking directly about Sanden's corporate philosophy, engage in discussion, and then to conclude this part of the training by formulating their own visions for their workplaces. These activities contributed to creating a better understanding and common awareness of the corporate philosophy and contribute to its implementation in the workplace. These training programs currently include employees from domestic subsidiaries and affiliates. We will next address issues and plans for conducting these training programs on a global basis.

■Job-Skill Specific Education for Technical Specialists at the Techno School

A facility for promoting the development of creative technologists with specialized skills, Sanden's Techno School currently offers five courses. These include such courses as a 19-class knowledge course aimed at ensuring fundamental knowledgeability regarding technical fields. The leaders' course is a 22-day training course and team research program designed to provide those attending with requisite leadership skills as well as knowledge.



■Sanden Communication Plaza



■Leaders Training



■Techno School

We will enable our employees to achieve a healthy lifestyle by creating an environment that assures their health and safety.

■Putting Our Corporate Philosophy into Practice

In accordance with our corporate philosophy, we have established our "Safety and Health Charter" and are taking active steps to create a comfortable work environment that is healthy, safe, and secure for employees.

■Receipt of Silver Prize in Safety and Health Activity Contest

At the November 2007 National Industrial Safety and Health Convention, Sanden was awarded the silver prize for the health and safety section of the "Creativity, Improvement, Activity Example Contest" sponsored by the Japan Industrial Safety and Health Association. This prize was awarded for our "Health Management PDCA Spiral-Up Activities," which emphasize prevention based on health exams, post-exam guidance, and the structuring of work regulation flows.

■Convention on the Health and Safety, and the Environment

Every year in June, the Sanden Group holds its Convention on the Health and Safety, and the Environment, which includes participation by domestic parts manufacturer Suppliers. In line with Sanden's basic concept "a company is as good as the people it keeps," the convention is designed to promote the Group's health, safety, and environmental activities and thereby enhance the corporate brand with respect to such activities. It is also aimed at comprehensively increasing consciousness of the importance of corporate ethics/compliance management and CSR among the Sanden Group and its domestic parts manufacturer affiliates. In fiscal 2007, convention participants heard Chieko Fujii, director of the Fujii Worker Health Research Center, present a speech entitled "Employee Safety and Health Promotes Corporate Development."

■Workplace Environment Improvement Meeting

As part of a strategy for countering mental stress in workplaces, Sanden implemented a study of work-related stress and held a Workplace Environment Improvement Meeting to consider the results of that study. Participants discussed problems in their respective workplaces and drafted a plan for improving those situations. Managers of each organizational unit are responsible for implementing the plan, which is expected to further promote the creation of workplaces that are pleasant to work at.

■Support for Those Returning to Workplaces after Leaves

For employees who have taken leaves of absence for mental health reasons, Sanden has created a proactive support system that coordinates the efforts of various people—including unit managers, public health nurses, human resource unit staff, industrial doctors, and attending physicians—who collaborate with the common goal of facilitating a smooth return to work. Moreover, we are offering part-time work schedules and other arrangements that enable returnees to gradually increase their work volume, and these systems have proven to be effective in many cases.

■Mental Health Activities 1

Aiming to create lively and invigorating workplaces, Sanden is making use of mental health work groups that undertake such activities as the planning and implementation of relaxation seminars and offer employees opportunities to enjoy various kinds of physical exercise and relaxation methods. We are currently considering the Companywide implementation of such seminars.



■Receipt of Silver Prize in Safety and Health Activity Contest



■Workplace Environment Improvement Meeting

■Mental Health Activities 2

Sanden continuously holds "line care" seminars to enhance supervisory personnel awareness of the need to provide employees with mental health support. Each seminar begins with an examination of questionnaire responses to gain a good understanding of mental health support needs in each workplace, followed by a discussion of measures to be taken in line with individual workplace situations. In fiscal 2007, these seminars focused on responses regarding leaves of absence and returns from such leaves. Going forward, Sanden is committed to providing educational and support systems for all employees working at domestic marketing offices and overseas bases. We also continuously hold "life plan" seminars to offer mental health self-care education to newly hired employees as well as employees who have just reached 40 years of age.

■Walking Festivals

As part of its employee health promotion programs, we cooperate with the our corporate health insurance society in organizing two annual walking festivals—one in the spring and one in the fall. At the fiscal 2007 spring event, 40 employees enjoyed a long look at historical working-class urban neighborhoods as they walked the YaNeSen (Yanaka to Nezu, to Sendagi) route. At the fall event, 80 participants traveled by bus to enjoy walking amid the exquisite fall foliage and brisk mountain air of the Senjogahara area.

■Upgrading Support for Domestic Affiliates

Sanden regularly checks the worker safety and health situations of domestic affiliates and provides related guidance. This guidance has led to the strengthening of each company's worker safety and health management system-based

management systems and raised the awareness of the importance of taking various activities to prevent worker accidents. Going forward, Sanden will continue implementing these activities as it works to create pleasant working environments while proactively moving ahead with efforts to prevent accidents. In addition, the Company's worker safety and health managers will be maintaining their system of gathering four times each year to hold study meetings and exchange information.

■Overseas Activities

Noteworthy among diverse safety and health activities by Sanden Group overseas companies were the in-house blood donation campaign efforts made by Sanden Air Conditioning (Malaysia) Sdn. Bhd. (SAM) to support a local blood bank. Before the campaign, in which almost all employees participated, SAM cooperated with a local hospital to organize seminars designed to reinforce the awareness of the importance of appropriate diets and nutrition. Similarly, Automotive Air-conditioning Technology Philippines, Inc. (ATP), organized an in-house blood donation campaign in cooperation with the Philippines Red Cross on Earth Day.

■Fiscal 2007 Job-related Accident Results

In fiscal 2007, the number of accidents without lost workdays (three or less days away from work) was 9, somewhat higher than in fiscal 2006, but we maintained zero incidence of accidents with lost workdays (four or more days away from work), just as in fiscal 2006. Going forward, we will sustain efforts to totally eliminate work accidents through activities designed to comprehensively reduce accident risks.



■Exercise Seminar

■Job-related Accident (Sanden Company)

Fiscal Years	2002	2003	2004	2005	2006	2007
Cases without lost workdays	12	3	9	14	3	9
Cases with lost workdays	2	5	0	2	0	0

