

The Sanden Eco-Label system aims to reduce products' environmental impact.

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Sanden has made alleviating global environmental problems a top management objective. As a manufacturer, the Company seeks to contribute to the resolution of environmental problems by means of its products. The Company recognizes that it has important social responsibilities as a corporate citizen of the world, and it has made living up to these responsibilities a part of its mission. In addition to developing advanced environment-friendly products, we are proactively working to develop the sophisticated environment-friendly technologies needed to realize those products. To promote these efforts, we have introduced such tools as the Sanden Eco-Label system, product assessments, life-cycle assessments (LCA), "quality function deployment for environment" (QFDE), and product environmental impact indicators.

■ Sanden Eco-Label system

In fiscal 2001, 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 help reduce the burden on the global environment are designated "environmentally advanced products" and may bear the Sanden Eco-Label.

We have advanced rapidly with measures to obtain certification for our products, especially in the food-related equipment area. As a result, in fiscal 2006 we certified 85% of our products for Eco-Labels, compared with a target level of 90%. Aiming to have all our products bear Eco-Labels by fiscal 2010, we are moving ahead with the development of related technologies. Moreover, our marketing units have set themselves targets for increasing the sales ratio of Sanden Eco-Label products since 2004, and these targets are helping all our departments work concertedly to promote Eco-Label products.

■ Product Assessment

Product assessment standards are a fundamental element of the Sanden Eco-Label system. In 1996, we began conducting simple assessments of products designed to be environment-friendly, focusing on energy efficiency and recycling capability, as part of activities to attain ISO 14001 certification. In response to the growing demand for environmentally responsible products, Sanden formed a Companywide 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 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.

■ Using Life-Cycle Assessment (LCA) to Analyze Products' Environmental Impact

Sanden uses LCA analysis to measure the environmental impact of each of its principal products at each life-cycle stage, from raw material procurement through manufacturing, transportation, use, recycling, and disposal. Having found that the main impact of our principal products is during the use stage, we have concluded that we can make the greatest contribution to reducing environmental impact by improving technologies for conserving energy during product use. Accordingly, we are analyzing and quantifying data on energy consumption in the product-use stage and utilizing this feedback to develop "advanced environmental products."

■ Sanden Eco-Label

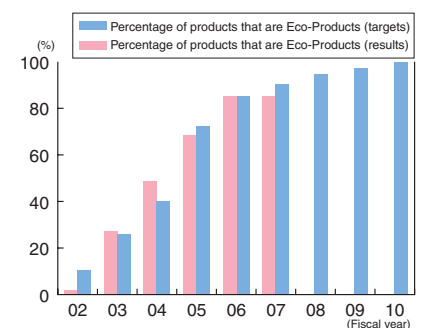


■ Sanden Eco-Label Criteria

**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

■ Percentage of Products That are Eco-Products



### Introduction of Product Environmental Impact Indicators

Since fiscal 2005, Sanden has participated in the working group for product environmental impact indicators of the Japan Auto Parts Industries Association. To increase the environment friendliness and convenience as well as other aspects of the value-added of automotive parts and components, this working group introduced product environmental impact indicators that take account of environment friendliness as well as value-added regarding convenience and other characteristics. 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>.

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

Going forward, we plan to link the product environmental

impact indicators issued by the association with the Sanden Eco-Label system and obtain certifications for our automotive products, thereby increasing the appeal of our products based on their environmental efficiency.

### Efforts to Promote the "Three Rs" in Commercial Store Systems Business

Aiming to respond to the needs of the recycling-based society, we are providing full life-cycle support for commercial store systems products.

#### Reduce

- At all stages-from site studies through store proposals, design, and work implementation-we promote energy-conserving proposals involving the introduction of energy-saving equipment and systems.
- By providing regular maintenance service, we help reduce store equipment breakdowns, increase operational efficiency (energy conservation), and support the use of equipment for longer periods of time, thereby concurrently reducing economic

and environmental burdens.

- When new stores are opened, Sanden's cooperative delivery center enables products from multiple manufacturers to be consolidated in single shipments, thereby reducing shipping costs along with vehicular exhaust emissions and packaging material usage.

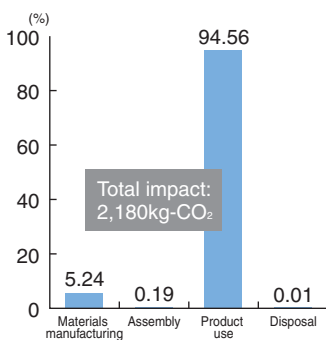
#### Reuse

- When store equipment must be retired in connection with scrap-and-build store network restructuring, Sanden's Create Center services, repaints, cleans, and warehouses the equipment to facilitate customers' equipment management work and also will deliver the refurbished equipment when new stores are created.

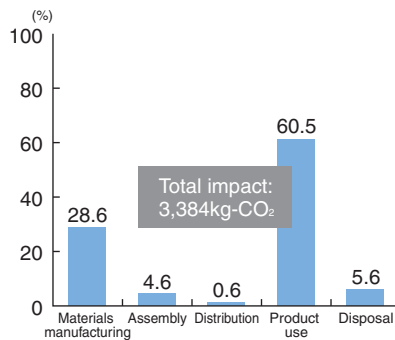
#### Recycle

- When equipment can no longer be used, Sanden cooperates with recycling companies throughout Japan to handle the dismantling and appropriate treatment.

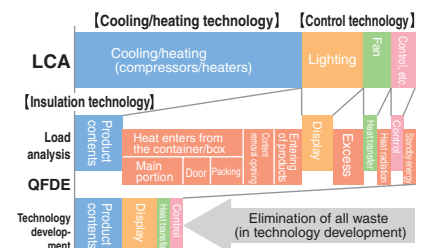
### Analysis of the Impact of Car Air-Conditioner Compressors on Global Warming



### Analysis of the Impact of Vending Machines on Global Warming



### Application of LCA and QFDE in Vending Machines



### Product Environmental Impact Indicators

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

### Promoting "Three Rs" in Commercial Store Systems Business

