

## Promoting Food Safety and Reduced Environmental Impact are Essential Elements of Business in Showcases and Store Development

In its Retail Systems and System Delivery & Maintenance (SDM) businesses, Sanden's proactive approach to environmental issues has enabled it to reduce the use of ozone-depleting and other harmful substances and achieve outstanding energy conservation performance that helps counter global warming. The Company is undertaking various other environmental protection activities. In recent years, the Kyoto Protocol's implementation changed customers' environmental perspectives, and we have responded by proactively offering customers environmentally responsible products and technologies. In addition, we have already begun responding to such rigorous European regulations as the directives regarding End of Life Vehicles (ELV), Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS), and Waste Electrical and Electronic Equipment (WEEE). These activities reflect our fundamental business stance and desire to provide value from customers' perspectives, and we plan to continue making environmentally responsible technologies a principal pillar of our operations.

### ■ Greatly Reducing the Use of Ozone-Depleting Substances

We previously used specified hydrochlorofluorocarbons (HCFCs) in cooling units and thermal insulation but have significantly lowered the release of ozone-depleting compounds by switching to hydrofluorocarbons (HFCs), replacing HCFC-22 cooling unit refrigerant with HFC-404A and HFC-134a and replacing HCFC-141b for the production of hard-foam thermal-insulation-use urethane with HFC-245fa. Aiming to completely eliminate the use of fluorochemicals in the future, we have begun using non-fluorochemical-foam thermal insulation materials. Regarding refrigerants, we are in the final stages of deliberations regarding the market launch of non-fluorochemical-type freezing/refrigerating/air-conditioning systems.

### ■ Greatly Reducing the Use of Substances that Pollute the Air

For interior and exterior showcase coatings, we have changed to powder-based coatings that require no organic solvents. This has enabled us to greatly reduce our use of substances that cause air pollution.

### ■ Development of Fluorochemical-Free,

### Energy-Conserving Systems for Freezing, Refrigerating, and Air Conditioning

In its retail systems business, Sanden is proactively moving ahead with the development of advanced environmental systems while placing top emphasis on protecting the ozone layer through the development of new refrigerants with zero ozone-depletion effect and preventing global warming through the development of products with improved energy conservation performance.

Having been chosen by Japan's New Energy Development Organization, an independent national government corporation, to participate in a project to develop fluorochemical-free, energy-conserving systems for freezing, refrigerating, and air conditioning, since 2005 Sanden has been progressing with the full-scale development of its freezing, refrigerating, and air-conditioning systems for next-generation commercial stores, which are to feature both non-fluorochemical refrigerants and outstanding energy conservation performance. To promote this technology development, we have constructed a full-scale test version of a retail store within a large-scale refrigerated warehouse testing laboratory. This laboratory is enabling

the realistic replication of the air conditions inside and outside stores in various regional climates and seasons, so that testing can be performed under all kinds of conditions. We completed the technology development for the fluorochemical-free, energy-conserving systems for freezing, refrigerating, and air conditioning during fiscal 2007, and plans call for performing field testing of the technology in the real market during fiscal 2008. The market launch of this system is scheduled for fiscal 2009.

From the early stages of this technology development project, Sanden's SDM business units have conducted research regarding suitability for actual market applications, conducting a comprehensive assessment encompassing an examination of the market environment for the placement of such systems, the performance of the systems, and factors related to the systems' installation and maintenance.

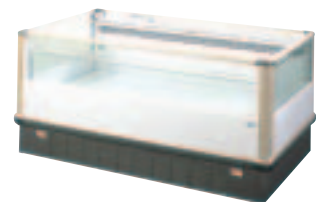
Aiming to maximize the systems' energy efficiency (energy conservation) by integrating our expertise regarding non-fluorochemical devices and control devices, we are striving to speedily complete the development of systems that offer both environmental and economic advantages.



■ Next-generation, energy-conserving commercial store systems test facility  
A facility for developing fluorochemical-free, energy-conserving systems for freezing, refrigerating, and air conditioning



■ Open-type refrigerator showcase  
This product's insulation was made with a foaming agent that has zero ozone-depletion effect, and it also features energy-saving operational modes.



■ Horizontal-type showcase  
Incorporating a scroll compressor, this product features low levels of electric power consumption and noise.