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Since its founding in 1943, Sanden has made daily efforts to develop its business by providing products that customers satisfy. After beginning with the supply of dynamo light generators for bicycles, we have steadily moved ahead in step with society's needs by initiating the manufacture of such products as commercial freezer and refrigerator showcases, vending machines, car air-conditioning systems, automotive compressors, Eco Cute heat-pump water heaters, and communications-related electronics units. The advancement and leveraging of our core "cooling/heating + electronics" technologies have been the key force propelling the growth of our manufacturing, marketing, and services operations. Currently, we are further developing our overseas operations through 53 business bases in 23 countries around the world.

■ Reinforcing the Base of Business Activities

Since the autumn of 2008, the global recession stemming from financial problems in the United States has had a negative impact in every one of our business fields. The sharp deceleration of growth in automotive markets and economies has led to a rapid deterioration of Sanden's operating environment, making fiscal 2008 (the year ended March 31, 2009) more difficult than any other year in the Company's history. Amid these conditions, Sanden is striving to continue to be a company worthy of society's trust by reconfirming the commitment of each of our employees to Sanden's Corporate

Philosophy, which gives fundamental emphasis to rigorous legal compliance. We consider this an extremely important means of ensuring we can dependably make contributions that benefit all our diverse stakeholders going forward.

Based on our firm belief that operating in strict accordance with our Corporate Philosophy is the way to carry out our social responsibilities and thereby meet the expectations of our stakeholders, we are continuously making concrete initiatives in this regard amid our day-to-day operations. Moreover, we recognize that encouraging each of our employees to return to the basics in optimizing work methods and ways of thinking is a key means of addressing the important tasks we are facing, including the need to pursue high-value-added operations, increase profitability, and strengthen management systems through comprehensive fundamental structural reforms and the need to promote corporate growth through the strengthening of business competitiveness. We have already begun taking measures to achieve these objectives.

■ Global Application of STQM Activities

Our "Sanden Corporate Vision for the Early 21st Century" calls for the Company to proactively make contributions to all of our stakeholders while becoming "Global Excellent Companies" that earns the trust of society at large. In addition, to ensure the Company's survival amid the harsh operating environment we are facing this year, we have resolved to adopt

Using “Global” and “Quality” to Earn Society’s Trust as a Company Centered on Environment-Friendly Operations that Sustains Growth

a new management policy of striving to realize a new surge of corporate growth in core environment-friendly operations based on our fundamental strengths regarding “quality” and “global.”

To further enhance Sanden’s management quality, we have developed the Sanden Total Quality Management (STQM) System and are implementing unique, Companywide quality reform activities in line with that system. In line with our STQM system, all Sanden Group employees throughout the world are participating in diverse STQM activities—such as small-group activities and the suggestion system. We are relentlessly sustaining measures to increase our management quality and product quality power based on our STQM activities, and we are confident that this approach will effectively promote the Sanden Group’s sustained growth.

■ Contributing to a Sustainable Society as an Environment-Friendly Company

In September 2009, Japan’s Prime Minister Hatoyama pledged at the United Nations to reduce Japan’s CO₂ emissions to 25% below 1990 levels by 2020. This reflects the fact that environmental protection is the most-important theme requiring concerted action by mankind during the current century. As a manufacturer of automotive components and food distribution equipment, Sanden recognizes it has a social responsibility to help solve global environmental problems by reducing environmental impacts associated with the product life cycles of its own products. We are constantly reminding ourselves of the need to give due consideration to the environment in all areas of our operations, as a means of helping future generations of people inherit a beautiful world.

Sanden’s management policies emphasize environmental protection initiatives. In 2002, we acted in accordance with our fundamental concepts of “challenge,” “creation,” and “contribution” by creating the Sanden Forest and the Akagi Plant on the southern slopes of Mt. Akagi in Gunma Prefecture to be a model for the coexistence of manufacturing plants and the natural environment as well as a symbol of Sanden’s identity as an outstanding environment-consciousness company. Going forward, we will sustain our contribution to the creation of a sustainable society by developing environment-friendly products, working to create new kinds of value, and disseminating diverse kinds of information.

We are intent on making daily progress in these endeavors so that people will consider environment-friendliness an essential characteristic of Sanden as well as a field in which we are conspicuously outstanding. We want people to say “Great Sanden.” and “Amazing Sanden”.

■ Communication with Stakeholders

To promote corporate-social harmony as well as prosperity, we consider it important to proactively communicate with an even greater number of our stakeholders and build stronger ties with those stakeholders. Accordingly, we are striving to listen very carefully to what our stakeholders are saying and to promote an ongoing dialog. This report provides information on how Sanden is contributing to society and the environment in the course of its business operations. We will be very pleased if our stakeholders will take the time to read this report to increase their understanding of the Sanden Group’s activities and then provide us with feedback regarding their opinions and wishes.