

ALPS[®]

CSR Report
2008



CSR Report

ALPS ELECTRIC CO., LTD.

Business Summary of Alps Electric Co., Ltd.

Corporate Profile

Since its establishment in 1948, Alps Electric Co., Ltd. has been a manufacturer of electronic components. The company purchases primary processed parts and materials from suppliers, processes them into components and sells them to assembly manufacturers. Our products are not sold directly to end-users, but since they are installed into products such as PCs, cellular phones, home appliances and automobiles, they benefit many users and society at large.

The Alps Group conducts business in three main areas: electronic components, audio equipment, and logistics. The listed parent companies for each area are Alps Electric Co., Ltd., Alpine Electronics, Inc. and Alps Logistics Co., Ltd., respectively. Alps Electric Co., Ltd. functions as headquarters of the Alps Group.

Company Data

(as of end of March 2008)

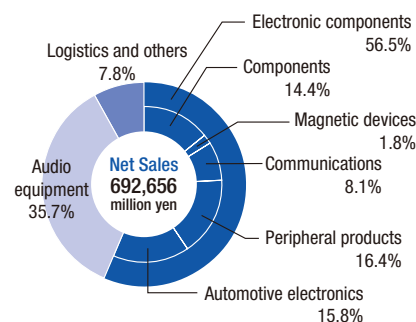
Name of Company	Alps Electric Co., Ltd.
Established	November 1, 1948
Capital	¥23,623 million
Number of Shares Issued	181,560,000
Number of Regular Employees	6,092
Fiscal Year Ending	March 31

Financial Data

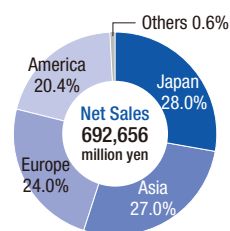
(year ended March 31, 2008)

Consolidated	(million yen)
Net Sales	692,656
Operating Income	19,876
Ordinary Income	13,123
Net Income	4,418
Electronic components	(million yen)
Net Sales	391,424
Operating Income	6,318

Breakdown of Consolidated Sales



Consolidated Sales by Region



Alps Group Business Structure

 <p>ALPS</p> <p>Electronic Components Alps Electric Group 43 Companies</p>	 <p>ALPINE</p> <p>Audio Equipment Alpine Group 27 Companies</p>	 <p>ALPS アルプス物流</p> <p>Logistics Alps Logistics Group 13 Companies</p>
Total: 83 Companies		

Editorial Policy

Alps Electric believes that "CSR is management itself." This report explains how our CSR activities are based on Alps Business Approach – Pursuit of Value, Harmony with Nature, Partnership with Customers, Fair Management, and Respect for the Individual – principles that realize the Alps Philosophy.

Booklet

This report focuses on Alps Electric's activities and topics during fiscal 2007.

Homepage

More detailed information on Alps Electric's initiatives is available on the following website:

www.alps.com/e/csr/



Period/Organizations covered

- Period covered: Fiscal 2007 (April 1, 2007 to March 31, 2008)
- Organizations covered: Unless stated otherwise, this report covers companies constituting Alps Electric Global (Alps Electric Co., Ltd. and 28 domestic and overseas operating companies).
- Published: June 2008
- Next publication: June 2009

Reference

The GRI *Sustainability Reporting Guidelines 2002*
The Ministry of the Environment's *Environmental Reporting Guidelines (2003 Edition)*

Contact

CSR Group, Corporate Planning Office
Tel: +81 (3) 3726-1211 Fax: +81 (3) 5499-8170
E-mail: csr@jp.alps.com

Main Business

Components

To meet the diverse needs of the electronics industry, we supply a variety of components that function as interfaces between electronic equipment and the user, including switches, potentiometers, sensors, and connectors for memory cards. We are able to develop reliable products using in-house mechanical design, as well as in-house design and manufacture of molds and assembly machines. Our components contribute to realizing even smaller electronic devices and to improving their performance and functionality.



Magnetic Devices

We supply devices that make full use of new materials developed in-house such as amorphous and nano-crystalline alloys and their attributes. The magnetic sensors, magnetic sheets and other material application products we manufacture help to contribute to our modern society. Our products help to improve the precision and functionality of a vast range of electronics in automobiles, mobile phones, laptop computers and home appliances.



Communications

In order to manufacture products that meet the needs of new communications markets, we have incorporated our proprietary technology together with experience we have gained from developing devices throughout various frequency bands since the analog era. In addition to TV tuners for digital terrestrial broadcasting, modules for communication equipment, one-segment broadcasting tuners for cellular phones, and transmission and reception units, we also develop products for the optical communications market, including modules and lenses.



Peripheral Products

Peripheral products refer to supporting or auxiliary equipment. We produce input/output and display devices that function as the interface between equipment and user. We have developed high-quality photo printers and various other devices in pursuit of the most comfortable types of user interface, including ergonomic keyboards for laptop computers, and wireless control pads for game machines – both of which have been developed after studying user sensibility.



Automotive Electronics

We develop and manufacture systems, modules, switches and other devices that make vehicles safer, more comfortable, and easier to operate for drivers. We contribute to a motorized society through body electronics, whereby providing new devices and systems that utilize the sense of touch.



2 | Business Summary
Editorial Policy

4 | Top Commitment

6 | **Alps Electric's
CSR**

CSR for Alps Electric is management itself

10 | **Pursuit of Value**

We are committed to developing products and technology that can adapt to the times and changes in the environment. Our goal is to build products that facilitate user-friendly communication and relationships between people and media.

14 | **Harmony with
Nature**

As a crew member of Spaceship Earth, we maintain a balance between environmental conservation and business activities.

20 | **Partnership with
Customers**

We work to enhance partnership with customers, suppliers, the industry, local communities, and other stakeholders surrounding Alps Electric.

24 | **Fair Management**

We strive to engage in fair and honest management, thereby increasing corporate value and earning the trust of stakeholders around the globe.

28 | **Respect for the
Individual**

We strive to create opportunities and working environments that enable employees to interact freely, develop into independent professionals, and to pursue proactive roles in the company.



Each Alps employee will contribute to society, aware of their responsibilities as crew members of “Spaceship Earth.”

President *M. Katada*

CSR is management itself

For a corporation to maintain sustainable growth, it needs not only to earn profit, but also requires the support and trust of stakeholders such as stockholders, customers, suppliers, local residents and its own employees.

The term “CSR” has become widely known only recently, but the importance of “confidence building” and “societal contribution” is clearly mentioned in the Alps Precepts, which reflected our corporate spirit at the time of foundation and have formed the basis of our management ever since. The Alps Philosophy formulated on the company’s 50th anniversary states, “Alps creates new values that satisfy stakeholders and are friendly to the Earth.” Accordingly, Alps Electric will continue to pursue new ways of coexistence between people and the Earth.

Cultivating a sense of ethics and morals

Over the past few years, corporate scandals such as the presentation of false information on food labels have been occurring one after another. However, I do not think that laws and regulations can completely solve all such problems. I believe that CSR is each employee behaving with a set of high ethical standards, and earning the trust of all others surrounding a company. In addition to enhancing management and regulations, Alps Electric works to nurture this sense of ethics and morals in each and every one of our employees.

As a crew member of “Spaceship Earth”

In 1997, the Kyoto Protocol was adopted and ratified



by many countries throughout the world, where they have now begun initiating activity to benefit the global environment.

Accordingly, Japan must reduce greenhouse gas emissions (mainly CO₂) by 6% of 1990 levels by 2012, and in the last few years many industries have focused on achieving this target. However, in terms of total emissions across the entire country, results are somewhat lagging. As recent trends show an increasing volume of emissions coming from households, they also must be approached in addition to the efforts of corporations in reducing greenhouse gas emissions. All entities must work together if we are to succeed in protecting the health of our Earth.

Together with reducing CO₂ emissions, Alps is making efforts in improving material yield and reducing material volumes by creating smaller products. We also work to consume less energy by eliminating wasteful

procedures, which can be realized through technical innovation in manufacturing processes and through improving production control systems.

When seen from the moon, the Earth truly is a magical “Spaceship Earth” covered by blue seas and white clouds. In addition to initiatives taken by the company, and so that we can hand this beautiful Earth over to the next generation, all Alps employees will take environmental issues to be their own, and contribute to this combined effort in their own homes.

What does
CSR mean?

CSR stands for Corporate Social Responsibility. The CSR concept endeavors both enterprises and society to achieve sustainable development. Under this concept, enterprises are expected to not only pursue profits and pay dividends to their stockholders, but to also perform their responsibilities as members of society for the benefit of all their stakeholders, including their employees, business partners, consumers, local communities and the international community.

Alps Electric's CSR

CSR is management itself.

The Founding Spirit of Alps Electric is embodied in the Alps Precepts, and includes concepts such as “confidence building” and “societal contribution,” which have formed the fundamentals of management and activity the company has proceeded with since its establishment.

In 1998, on the 50th anniversary of our founding, we formulated a Corporate Vision to succeed these Precepts. The Corporate Vision includes the Alps Philosophy, which states, “Alps creates new values that satisfy stakeholders and are friendly to the Earth,” where “stakeholders” refers to all parties with interests in our company. The Philosophy recognizes that Alps takes pleasure in satisfying stakeholders and conducting activity that is friendly to the Earth. In other words, it advocates coexistence between companies, people, and the Earth, which is exactly the spirit of CSR today. To realize the Alps Philosophy, we analyzed stakeholder expectations and then set five principles for a Business Approach, each with a decision-making standard formulated to meet the expectations of those stakeholders surrounding the company. Thus, for Alps Electric, CSR is realizing our Philosophy through business activities based on this Business Approach – it is management itself.

We set fiscal 2006 as the initial year for our CSR initiatives, established the CSR Committee and formulated the CSR Mid-Term Plan under this idea. Alps Electric aims to build trust with all the stakeholders by integrating both business and CSR initiatives.

Corporate Vision

Alps Philosophy

Alps creates new values that satisfy stakeholders and are friendly to the Earth.

Alps Philosophy

The universal credo from which management draws its direction.

Business Approach

Pursuit of Value

We will constantly pursue new value creation.

Harmony with Nature

We will seek harmony with the Earth's environment.

Partnership with Customers

We will learn from customers and respond quickly to their needs.

Fair Management

We will act fairly and from a global perspective.

Respect for the Individual

We will draw upon the unique enthusiasm of every employee.

Business Approach

The principles for decision-making followed by management in order to realize the Alps Philosophy.

Business Domain

Indicates the direction and emerging areas of business our resources should be invested in for future business.

Action Guidelines

The self-held guiding standards that form the conscience of each employee in realizing the Alps Philosophy.

Business Domain

Perfecting the Art of Electronics

User-friendly communication and relationships between people and media

Action Guidelines

1. Alps people will realize new value through flexible thinking and bold action.
2. Alps people will preserve the natural environment and treat precious resources with great care.
3. Alps people will meet customers' expectations by making decisions quickly and implementing them speedily.
4. Alps people will act fairly, working to adhere to world rules and to understand different cultures.
5. Alps people will function as teams of professionals seeking to refine their specialist skills.

CSR Management Structure

Integrating CSR Activities with Business Direction

Alps Electric believes “CSR is management itself,” and that it is important to integrate CSR and business initiatives. We set fiscal 2006 as the initial year of our CSR initiatives, and integrated independent activities that had been carried out by each base and department into our FY2006 – 2008 CSR Mid-Term Plan (see pages 8 and 9), and in turn incorporated this into the company’s 5th Mid-Term Business Plan. Our CSR initiatives are conducted in alignment with our business plans through using the PDCA (plan-do-check-action) cycle, and also in accordance with our CSR mid-term goals of: arranging a structure in fiscal 2006 for implementing CSR activity; promoting CSR activity globally during fiscal 2007; and developing the structure into a Group-wide system in fiscal 2008.

In April of fiscal 2006, we established a CSR Committee, and to act as its Secretariat together with promoting CSR activity throughout Group companies we also established a CSR Group within our Corporate Planning Office. In October the same year, we arranged a global CSR management structure by appointing a CSR Representative and CSR Officer at each business base in Japan and overseas.

In fiscal 2007, we conducted CSR self-evaluations at business bases in Japan and overseas in an effort to ascertain their CSR activity. Based on the results of the self-evaluation, CSR policies and initiative plans for each business base were established and implemented by their CSR Representatives and Officers. In following, we will now conduct this CSR self-evaluation annually to assess the progress that each business base is making in CSR activity. The CSR Committee’s role is to examine priority issues and company-wide policies, while each subcommittee within the Committee formulates specific measures concerning the areas under their charge.

In April of fiscal 2008, the CSR Committee was reorganized in order to improve employee CSR training and to transfer compliance and information disclosure responsibilities, which have become regular business operations, to fixed departments. From fiscal 2008 onwards, we will reinforce our Group-wide CSR structure by holding annual Group CSR Committee meetings, attended by CSR Committee Chairpersons and Secretariats from the other Alps Group core companies, namely Alpine Electronics and Alps Logistics. Secretariat Liaison Meetings will also be held between these companies on a regular basis.

Roles of the CSR Committee and Fixed Departments



Alps Electric Global CSR Mid-Term Plan

Alps Electric Global 2006 - 2008 CSR Mid-Term Plan		Fiscal 2006 Arranging a structure, regarding fiscal 2006 as the initial year for our CSR initiatives	
		Results (for April 1, 2006–March 31, 2007)	Action Targets
Management Goals			
	Reorganize the RC Committee into a CSR Committee, made up of three subcommittees: a General Subcommittee (3Gs), a CC Subcommittee and an Environment Subcommittee, and establish a secretariat for CSR promotion.	Reorganized the RC Committee into the CSR committee comprising three subcommittees in April 2006 – the General Subcommittee (3Gs), the CC Subcommittee and the Environment Subcommittee. Created the CSR Group within the Corporate Planning Office, acting as the secretariat of the CSR Committee.	<ul style="list-style-type: none"> Establish a system to collect CSR performance data. Establish a self-check function (or a monitoring system).
	Appoint a CSR Representative and CSR Officer at each business location in Japan and overseas, and establish a Group and global CSR management system.	Appointed a CSR Representative and a CSR Officer at each business location in Japan and overseas, establishing a global CSR management system (October 2006).	<ul style="list-style-type: none"> Global promotion of CSR activities through the issue of "CSR News" (in Japanese and English).
	Plan and promote educational and developmental programs for CSR to be incorporated into the daily lives of every employee.	Conducted an internal survey about the 2006 CSR Report to collect opinion from employees. Featured an article in our in-house magazine, explaining the basics of CSR and introducing CSR activities by some employees, enhancing awareness.	<ul style="list-style-type: none"> Establish a multi-level CSR education program. Conduct regular seminars using e-learning etc.
Social Goals (for Stakeholders)			
Customers	Establish a Group CSR system that enables flexible and prompt response to increased and diverse CSR needs and procurement requirements from customers; and establish a concurrent framework for accurate response to external CSR surveys and audits.	Some business locations established a CSR framework based on the results of external CSR surveys and audits, but a complete system had not yet been established on a global basis.	<ul style="list-style-type: none"> Develop a database of CSR activities of all our business locations. Establish guidelines for responding to CSR surveys. Educate on, and build awareness of, CSR activities in sales departments that liaise with customers. Establish a CSR system that covers overseas business locations in addition to domestic ones.
	Enable responses to a wide range of questions from customers concerning the PDCA performance of our CSR system in the electronic components business.	We have performance data in areas such as environment, quality and safety, but we did not yet have enough performance data on human rights, labor, and social contribution. More data collection is needed in the future.	
Suppliers	Create a guidebook for CSR infiltration.	Created supplier survey rules and the <i>Alps CSR Guidebook</i> in compliance with the <i>Supply-Chain CSR Development Guidebook</i> issued by JEITA.	—
	Encourage CSR of suppliers through ascertaining their performance according to the above guidebook.	Identified suppliers to be surveyed and completed preparatory work to begin surveying during the first half of fiscal 2007.	<ul style="list-style-type: none"> Determine the time frame for conducting supplier surveys after monitoring the moves of assembly manufacturers.
Stockholders/ Investors	Provide clear and substantial PR and information disclosure service to stockholders and investors in Japan and overseas.	In addition to conventional activities in fiscal 2006, we visited foreign investors in the United States, the United Kingdom, Singapore, and the United Arab Emirates.	<ul style="list-style-type: none"> Conduct a survey with stockholders to improve the <i>Alps Report</i>, our newsletter for stockholders. Improve the current website (the IR page) to make it easier to understand. Enable stockholders to exercise their voting rights via the Internet.
Company Members and their Families	Ascertain actual working conditions at overseas business locations, and establish appropriate personnel management standards.	A project is underway to establish personnel management guidelines for global business locations so that individual sites use the same standards.	<ul style="list-style-type: none"> Establish personnel management guidelines for global business locations and begin to apply them.
	Examine working environments of our domestic cooperating company employees and establish rules to maintain conditions.	Involve cooperating company employees in morning assemblies to share policies and information. Have ascertained personnel management systems for some cooperating companies.	<ul style="list-style-type: none"> Determine items for a labor environment survey, and start to survey companies.
Society	Ascertain how global business locations are communicating with local communities.	Conducted an in-house survey on CSR activities at each global business location.	<ul style="list-style-type: none"> Develop a database of the CSR activities conducted by each business location. Use the webpage to display CSR activities conducted by each business location.
	Set policies and goals for each business location, and implement them.	Analyzed the results of the survey, identified issues, and established corporate policies and targets.	<ul style="list-style-type: none"> Integrate CSR targets and measures for the company as a whole and for each domestic and overseas business location into the Fiscal 2007 Business Plan.
	Communicate our CSR initiatives to all our stakeholders.	Issued the 2006 CSR Report and created a page on our website featuring CSR activities in order to inform our stakeholders.	<ul style="list-style-type: none"> Continue to issue and improve CSR reports. Improve the website (the CSR page). Use the website etc. to introduce the CSR activities conducted by each domestic or overseas business location.
Industry/ Financial Community	Contribute to the continuous development of CSR activities conducted by the electronic components industry.	Participated in JEITA projects, including one to create the <i>Supply-Chain CSR Deployment Guidebook</i> and the Project to Promote the Shared Use of Information Concerning Parts and the Environment.	<ul style="list-style-type: none"> Continue to address problems common to the electronics industry through participation in various JEITA boards and committees.
Public Organizations	Contribute to continuous development of CSR through cooperation with public organizations.	Supported the Monozukuri School under the co-sponsorship of administrative and educational organizations in order to pass on the enjoyment of <i>monozukuri</i> to future generations. Assisted in practical training of a teacher development program aimed at university students who want to become teachers.	<ul style="list-style-type: none"> Enhance program content by creating new approaches (providing instructors, etc.).
Environmental Targets			
	Establish a global environmental management system.	Established an environmental management system in Japan.	<ul style="list-style-type: none"> Establish a global environmental management system.
	Familiarize our personnel in the electronic components business area with the Fifth Medium-Term Action Plan for Environmental Preservation, and establish and implement plans for each business location accordingly.	For details, refer to the Fifth Medium-Term Action Plan for Environmental Preservation on pages 16-17 in the CSR Report 2007.	<ul style="list-style-type: none"> Establish an environmental risk management system.

Fiscal 2007 Enhancing CSR initiatives and promoting them globally		Fiscal 2008 Establishing a CSR structure covering the entire Group	
Results (for April 1, 2007–March 31, 2008)	Self-evaluation	Action Targets (for April 1, 2008–March 31, 2009)	
<ul style="list-style-type: none"> Established CSR Committee regulations. Created an Alps CSR self-check sheet and surveyed domestic and overseas business locations. 	○	<ul style="list-style-type: none"> Analyze CSR self-check results, and consult with locations to improve accuracy of the responses. Develop the PDCA cycle for CSR issues. 	
<ul style="list-style-type: none"> Introduced domestic and overseas CSR activities periodically as "CSR News" on our website. 	○	<ul style="list-style-type: none"> Develop and strengthen Alps Group's CSR structure. 	
<ul style="list-style-type: none"> Integrated education in compliance, the environment and other topics into a CSR program and commenced education including e-learning. 	△	<ul style="list-style-type: none"> Establish a specific organization for CSR education to reinforce the CSR structure and enrich multi-level education. 	
<ul style="list-style-type: none"> Established a database of standard answers and data for the major CSR surveys in the electronics industry. 	◎	<ul style="list-style-type: none"> Organize the structure to allow sales departments to respond to customers' CSR requests independently. 	
<ul style="list-style-type: none"> Conducted education at domestic locations on topics such as product information, market trends, export/import management and chemical management. 	△		
<ul style="list-style-type: none"> Established our "Purchasing Approach" and "Purchasing Policies" from a CSR perspective, and published them on our website. 	—	<ul style="list-style-type: none"> Explain our CSR initiatives at supplier meetings to gain understanding and cooperation. 	
<ul style="list-style-type: none"> Suspended supplier surveys after monitoring assembly manufacturers and other companies in the industry. Established an evaluation system for management of chemical content in products, and conducted briefings for domestic suppliers. 	○	<ul style="list-style-type: none"> Determine the time frame for conducting supplier surveys after monitoring the moves of assembly manufacturers. 	
<ul style="list-style-type: none"> Improved the Report after conducting a survey with stockholders. Enriched contents of the IR pages of our website when it was completely revised. Established an on-line voting system for stockholders beginning from this fiscal year's General Meeting of Stockholders. 	◎	<ul style="list-style-type: none"> Improve our IR publications and the <i>Alps Report</i> with the aim of improving information disclosure and public relations. Raise awareness and prepare for electronic stock certificates. 	
<ul style="list-style-type: none"> Established the "Global HR Policy" and notified overseas locations. 	○	<ul style="list-style-type: none"> Assist in reviewing and improving personnel management systems of overseas business locations based on the "Global HR Policy." 	
<ul style="list-style-type: none"> Developed a labor environment survey form. Conducted a survey of, and guidance for, some cooperating companies on labor, health and safety. 	△	<ul style="list-style-type: none"> Conduct labor environment surveys of cooperating companies. 	
<ul style="list-style-type: none"> Developed a database of CSR self-evaluation results of each location and recognized our issues. Used the webpage, intranet and in-house magazine to introduce CSR activities of our business locations. 	◎	<ul style="list-style-type: none"> Establish company-wide guidelines and measures dealing with CSR issues, and deploy them throughout the company. 	
<ul style="list-style-type: none"> Integrated CSR activity targets and measures into our Business Plan for each domestic and overseas business location. 	○	<ul style="list-style-type: none"> Make efforts to reach targets towards the final year of the 1st CSR Mid-Term Plan. Establish a 2nd CSR Mid-Term Plan for each domestic and overseas business location. 	
<ul style="list-style-type: none"> Modified the CSR Report contents along the lines of our Business Approach to enable readers to understand our philosophy more. Used the website to display our "CSR News" on a regular basis. 	◎	<ul style="list-style-type: none"> Further improve our website (CSR pages) and the CSR Report. 	
<ul style="list-style-type: none"> Participated in establishing and revising international electrotechnical standards, and joined approx. 200 external organizations/committees and 60 academic conferences to promote the innovation and transmission of technology. 	◎	<ul style="list-style-type: none"> Prioritize environmental issues while dealing with common issues in the electronics industry in cooperation with JEITA and other industrial organizations. 	
<ul style="list-style-type: none"> Participated in the "Tripartite Consortium of Academic, Business, and Government Circles" of the Tohoku district and contributed to the local community through projects in technological and human resource development. 	◎	<ul style="list-style-type: none"> Contribute to society through our core business, <i>monozukuri</i> by coordinating with public organizations. 	
<ul style="list-style-type: none"> Started to establish a basic environmental database for overseas business locations. 	○	<ul style="list-style-type: none"> Establish a global environmental management system. Enhance environmental education. 	
<ul style="list-style-type: none"> Developed environmental risk maps. Established domestic environmental management regulations and other related regulations. * For details, refer to the Fifth Medium-Term Action Plan for Environmental Preservation on our website. 	◎	<ul style="list-style-type: none"> Initiate the environmental risk management system globally. 	

Self evaluation ◎ : Achieved ○ : Well in progress △ : Behind schedule

Pursuit of Value

We are committed to developing products and technology that can adapt to the times and changes in the environment.

Through “perfecting the art of electronics,” Alps Electric is committed to searching for a balance between creating higher standards of living and preserving the global environment. The term “art of electronics” comprises three measurements of value: Right, Unique, and Green. Since these qualities are determined during the upstream phases of manufacturing such as design and development, the key factor during product development is to encompass them all from the beginning. For example, Alps Electric’s GMR head technology and know-how developed a new magnetic sensor with improved sensitivity that detects two kinds of data in the one sensor. Not only satisfying customer needs, Alps unique technology has also contributed to energy and resource savings by reducing the amount of magnets and sensors needed by half.

A market-oriented perspective is needed in pursuing these values, which is why our engineers develop products based on information they obtain directly from customers. In this respect, Alps is devoted to developing an organization which enables employees to experience the “joy of introducing to the world technologies and products that they have developed with their own hands.” Alps believes that a lively corporate culture, which allows dreams to become reality, is the very source of power for embodying these values.

The Art of Electronics

The term “art of electronics” embraces three values that characterize Alps Electric’s products.

Right

Products manufactured based on a specific concept must satisfy user needs, and must have the right appearance at the right price, with the right functions, performance and quality.

Unique

In addition to function and performance, products must exhibit value through creativity and originality that is unique to Alps Electric.

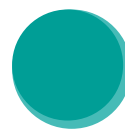
Green

Environmental consideration must address the entire lifecycle of a product, ranging from its parts and materials, to its recyclability and environmental impact upon use.

Director, General Manager
Business Development Headquarters
Magnetic Devices Division

Toshihiro Kuriyama





“Pursuit of Value” — from the people of Alps Electric

The Role of Sales & Marketing Personnel in Developing New Products and Business



Takashi Sogo
Sales & Marketing
Headquarters,
Alps Electric Headquarters

Alps Electric Sales & Marketing Headquarters have developed a system that allows Sales and Marketing personnel to propose business ideas born out of daily interactions with their customers, and work on product development programs with divisions. If a proposal is on new technology or requires collaboration between a number of divisions, the responsibility on setting the course of action falls onto the Marketing Committee (MC). The MC is the decision-making body for business and sales strategy within the Sales & Marketing HQ. The total number of proposals from Sales and Marketing for fiscal 2007 is projected to reach our goal of 1,000. Alps Electric will continue to create new business across divisions, branches, and national boundaries.

Providing Products with Appealing Functions and Appearance

I help promote Alps Electric’s Digital Manufacturing (DM) initiative. The DM initiative anticipates functions the market will demand, and then designs products that will meet these functional needs. Another duty of the DM initiative is to raise reliability consistency of products through simulations. I once heard one of our customers say, “Alps’ products are like crystal ware.” By this he meant that though Alps’ products look nice, they are fragile and their reliability cannot always be guaranteed. But since the introduction of the DM initiative, we have been able to produce more and more unique and highly reliable products for meeting new needs in the market. We will continue this initiative to provide products that exceed customer expectations.



Takeshi Shirasaka
Engineering Department 2,
Automotive Products Division

Developing Products that are Easy to Use for Everybody



Hirofumi Fukui
Project 5,
Business Development
Headquarters

Alps Electric continues to develop both magnetic sensor technology and mounting technology of high accuracy and density. We are now unifying these two technologies in our quest to develop geomagnetic sensor technology. The concepts for development are taking shape through discussions between our Sales and Marketing personnel and engineers. This team decided that the key attributes for appeal of a geomagnetic sensor have to be, “easy to assemble” and “easy to use.” To realize the sensor, we created a unique design method, allowing the geomagnetic detector to give correct readings even when tilted. Another attribute of the design method is that it makes calibration of the sensor easier. Alps Electric’s unique technologies will continue to lead the way in developing products which satisfy customers.

Manufacturing High Quality Products at Low Cost

Since its beginning, I have been involved in a project that performs Quality Engineering (QE) on the production line and is used by our manufacturing departments. The purpose of adopting this method of QE was to optimize manufacture control, allowing manufacture of more reliable products at lower costs. In the past it was only seen as a process suitable during mass production. However, Alps succeeded in effectively applying this method from a product’s development phase. I feel that the project is raising employee awareness in the importance of quality and cost, and my desire is to continue playing an active role in this project.



Kazuo Uesugi
Manufacturing Department 2,
Mechatronic Devices Division

Major Activity in Fiscal 2007

Innovation of Development at Alps Electric Allows Quick Creation of New Value

The electronics industry is ever-changing; and to remain competitive, companies must constantly develop and market cutting-edge products. Customers have diverse requirements, and among them, consistent quality is especially important. Minimal lead times in product development are also essential in order to remain competitive in markets that change so often. However, insufficient time allocation to designing and testing may also result in products of inadequate quality being released into the market.

To solve this dilemma, Alps Electric in fiscal 2002, created a development process termed *ippatsu-kando** which conceptualizes manufacturing products that work perfectly the first time. In short, *ippatsu-kando* means to provide products consistent in quality. To implement this concept Alps Electric employs various methods using Quality Engineering (QE).

Anticipating the needs of customers comes first. Using the Quality Function Deployment (QFD) method, Alps Electric looks at customer needs and

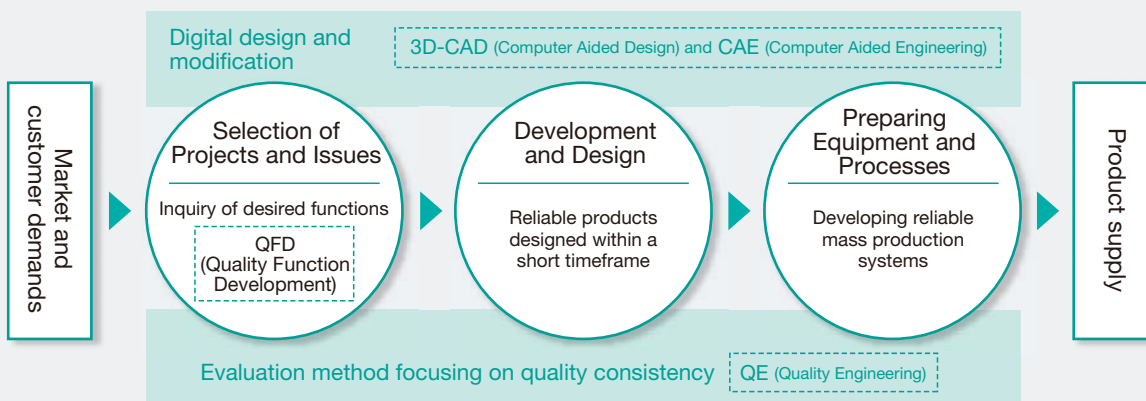
resources, and then sets up projects to create products which are sure to be in demand in the near future. In following, we develop functions and product quality on a digital basis through utilizing IT as much as possible with the aid of 3-Dimensional Computer Aided Design (3D-CAD) and Computer Aided Engineering (CAE). This process minimizes costs and times used for creating and testing prototypes.

Product evaluations are implemented early on in their development phases by utilizing QE to check on quality and reliability, which prevents inferior-quality products from entering the market.

The introduction of these evaluation methods allows Alps Electric to produce reliable and high-quality products with speed, along with creating products which the market will need in the future. Through fiscal 2008, Alps will continue to perfect these methods with the aim of shortening the time used in developing and producing more reliable products of consistent quality.

* *Ippatsu-kando* is a term devised by Alps which refers to the ability to speedily implement processes that work perfectly first time; this leads to production that does not require extensive trials.

Development Innovation



Performance Evaluation off the Production Line



Determining functional reliability and product quality with speed.

Please visit our website for more activities.

www.alps.com/e/csr/value/

Alps Electric website > Corporate Social Responsibility > Pursuit of Value

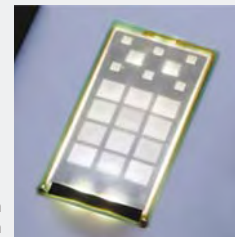


Developing Products to Meet Customers' Needs

Our Contactsheet™ is found within cell-phone keypads, which are now a part of our everyday lives. Cell-phones are used everywhere and anywhere, even in dusty and rainy areas, which are extreme conditions for keypad contacts. Customers mount our sheets to circuit boards within their cell-phones, which is a process that we cannot supervise, and where dust may find its way into the keypad structure. So as a solution to dust contamination, we developed a new sheet structure. The innovative structure reduces the probability of dust particles causing contact failure through a unique three dimple design. Additionally, it has a two-sheet structure that links air ducts between domes and totally prevents external air from entering the interior. Our commitment to providing such a reliable product has allowed an approximate 30% of the world's market share in keypad sheets.

The various functions—cameras and one-segment TV for instance—of the cell-phone depend on stored battery power for their operation. However, as cell-phone battery is limited, Alps Electric was inspired to develop a Contactsheet™ with an illuminated guide function that relies on only two to four light-emitting diodes (LED), compared to the regular twelve. It is generating quite a buzz in the industry as it provides the same as, if not better illumination capability than our contemporary twelve-LED Contactsheet™.

* See the Alps Electric website for a further explanation with diagrams.



Contactsheet™ with an illuminated guide function

The Voice of the Customer Creates New Value

Before we can create new value, we must first listen to what the customer requires. And of course we must be precise in knowing exactly what resources are available to us and the needs that go with that challenge. As part of our commitment to understanding customer wants, we exhibit our products at CEATEC JAPAN, a major electronic components exhibition.



Demonstration exhibit that allows visitors a hands-on experience of aF Order Capacitance Detection Technology

For the 2007 exhibition we coined the term “SENSORING™” and used it as our exhibition theme—directing our efforts towards providing and increasing new value to customers through our sensor businesses. Alps Electric showcased more than 150 products and technologies including our latest cutting-edge releases such as new “aF Order Capacitance Detection Technology.” Exhibition figures show that more than 200,000 people visited CEATEC JAPAN last year, and we received many valuable comments and opinions from many of them. As we learned from potential customers, they in turn learned about our core technologies and products. We intend to use the perspectives and information we gathered as we continue to develop new products and create new value into the future.

Ippatsu-Kando in Molds



While increasing precision in their processing, Alps Electric uses diverse methods to manufacture molds that function perfectly the first time.

Functional Stability and Shorter Timeframes for Product Development



Digital manufacturing allows Alps Electric to shorten timeframes for product development and thus provide reliable products quickly.

Harmony with Nature

As a crew member of Spaceship Earth, we maintain a balance between environmental conservation and business activities.

At Alps Electric, where our main line of business is manufacturing, environmental conservation is an extremely important aspect of our CSR. “Green” has always been a pre-condition for the “art of electronics,” facilitating our production of smaller and lighter components with higher energy and material efficiency, and our aggressive promotion of energy saving and zero-emissions initiatives in production processes. We have also progressed with our “Medium-Term Action Plans for Environmental Preservation” in parallel, which integrate individual division activities in order to lower environmental impact even more efficiently and effectively.

A company such as Alps Electric that is involved in worldwide business needs its existence as a crew member of Spaceship Earth to be accepted in the global community. In order to increase our value as a global citizen of sound judgment, we will maintain our balance of global business and environmental activities in keeping with a management that is in harmony with the environment.

Furthermore, we hope to promote environmentally friendly lifestyles throughout our employees’ homes. We could realize individual contributions to environmental preservation by around 100,000 people by including family members of Group company employees in our initiatives. The realization of “harmony with nature” depends on the environmental awareness of each and every employee.

Senior Managing Director
Corporate Planning

Takahide Sato



“Harmony with Nature” — from the people of Alps Electric



Reducing the Use of Chemicals in Our Manufacturing Processes



Šárka Hovorková
Quality Department,
Alps Electric Czech

At Alps Electric Czech, we have traditionally conformed to the RoHS Directive — restricting the use of chemical substances in our products—by following standards set by our customers and by the Alps Group. In addition, at the end of 2007, we started conducting investigations on the number of chemicals used in our manufacturing processes in order to comply with the new EU established chemical restrictions, REACH. We have also been able to reduce our use of materials such as flux (used in the solder bath) and solvent cleaners (used for the printing process) along with this investigation.

Preventing Global Warming through Innovative Energy-Saving Activities

At Wakuya Plant we have created our own innovative measures for preventing global warming. The keyword is “MOTTAINAI” and our goal is to reduce the amount of energy we use in our operations. We surveyed each working area and created “energy-saving plans.” The plans called for the introduction of energy-saving equipment, the reduction of standby energy used during holiday breaks, closing air leakages found throughout factory rooms, and regular “energy patrols.” As a result, we have succeeded in reducing our energy usage by 50 million yen annually. We will continue to make steady improvements to increase our contribution to the global warming problem.



Yoshitomi Takahashi
Manufacturing Department 1,
Mechatronic Devices Division

Promoting Environmental Management with Responsible Waste Management

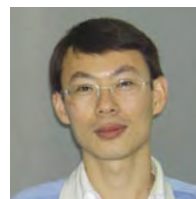


Noboru Nakada
Quality Assurance Department,
Peripheral Products Division

Since fiscal 2004 the Peripheral Products Division at Alps Electric has worked heavily on reducing gross waste discharge and reducing any risk accompanied with disposal subcontracting. A 50% reduction of gross waste discharge from fiscal 2004 was achieved by reviewing production processes such as molding, printing and assembly. We have also used knowledge from related industries and individuals to help in reducing a considerable amount of disposal costs. As for risk reduction, we continue to perform annual field evaluations of our subcontractors. We also concentrate on training our employees on the perils of illegal waste disposal by referring to external case studies.

Engaging Strict Control and Effective Utilization of Plant Effluent

Since our factory operates a plating process, chemical substances must be strictly managed. Our major concern is with the proper disposal of plant effluent. We created an innovative new effluent disposal device in order to prevent hazardous material from flowing out of the factory. Prior to releasing water into the ocean, concentration levels of nickel, silver and other metals are measured to strictly ensure legal standards are cleared. A portion of discharge is also collected and reused in toilets and to water plants. As crew members of “Spaceship Earth,” we will continue to improve our efforts with equipment and measures to protect the environment.



Tongjing Jia
Manufacturing Department 3,
Dalian Alps Electronics

Major Activity in Fiscal 2007

Global Management of Chemical Substances Contained in Products

Societal demands apparent in regulations and customer requirements regarding chemical substances contained in products have recently seen an unprecedented surge of increase.

In answering that call, Alps Electric promotes design of products that do not contain hazardous chemical substances. Furthermore, we have constructed a global management system designed to eliminate hazardous substances from all processes from materials procurement to assembly and shipping.

Information on chemical substance content in materials purchased from suppliers is managed by a database which can be accessed from any domestic or overseas Alps base. It provides up-to-date information

regarding compliance with regulations in a product's design, material inspection, production and shipping, which can be conveyed to customers as required.

We eliminated the use of materials specified in the European Union's RoHS Directive* by the end of fiscal 2004, and will continue to advance compliance with new and relevant regulations and restrictions in order to satisfy customer needs and requirements.

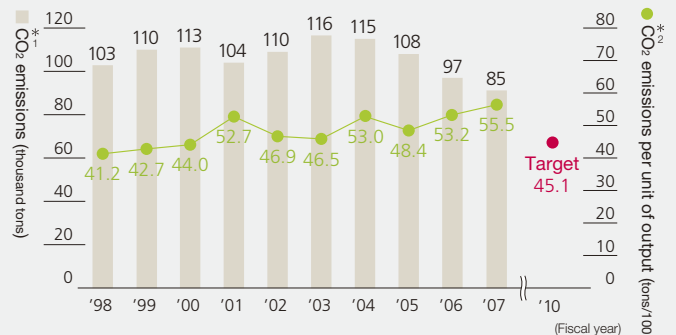
* RoHS Directive (Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment): Adopted by the European Union to restrict the use of hazardous materials in the manufacture of items such as computers, communication devices and home appliances. The six restricted substances are: lead, hexavalent chromium, mercury, cadmium and specific polybrominated flame retardants (PBB and PBDE).

Preventing Global Warming

By fiscal 2010, Alps Electric aims to reduce CO₂ emissions levels per unit of output by 15% of fiscal 2004 levels. In attempting to reach this target, we have been making improvements in hardware by adopting highly efficient devices, switching to energy-saving machinery, and removing inefficient generators. We have also improved compressor and air-conditioner operation, and regularly conduct "energy patrols" which create awareness among employees in saving energy.

Our CO₂ emissions totaled 84,840 tons in fiscal 2007, continuing our year-on-year achievements in emissions reduction. However, fluctuations in production value have caused a significant increase in terms of emissions per unit of output.

CO₂ Emissions (Coverage: Alps Electric)



* 1 CO₂ emissions include those from sub-contracted plants.
 * 2 CO₂ emissions per unit of output: Total CO₂ emissions divided by the total value of production.
 * Some figures for CO₂ emission have been partially revised and consequently differ from those appearing in last year's report.

Education about the Environment



Environmental training is given to domestic and overseas employees in order to heighten awareness.

Please visit our website for more activities.

www.alps.com/e/csr/environment/

[Alps Electric website](http://www.alps.com/e/csr/environment/) > Corporate Social Responsibility > Harmony with Nature



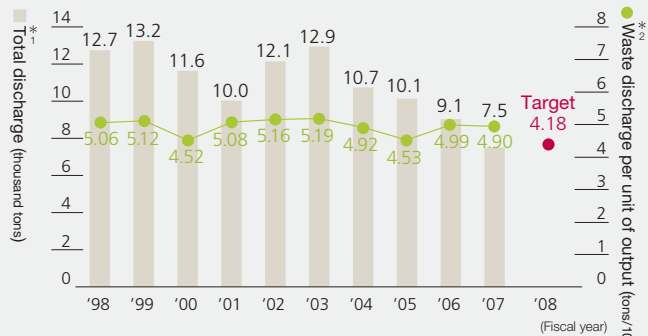
Reducing Wastes

Since fiscal 2001, Alps Electric has implemented a “zero-emissions* initiative,” which aimed to recycle all wastes from offices and production plants. This target was successfully achieved by the end of fiscal 2004 throughout all domestic divisions.

We now aim to reduce fiscal 2008 levels of actual volume of waste discharged per unit of output by 15% of fiscal 2004 levels. We had also targeted a reduction in quantity of paper used in fiscal 2008 by 20% of fiscal 2004 levels, for which we have already realized a 30% reduction.

* Zero-emissions: A recycling-oriented social system that eliminates all kinds of wastes by effectively recycling them into raw materials and other useful purposes. Advocated by the United Nations University in 1994.

■ Total Waste Discharge (Coverage: Alps Electric)



*1 Total discharge: Total of materials for resale and unwanted waste discharged externally.
*2 Waste discharge per unit of output: Total discharge of waste divided by total production value.

Countermeasures for Environmental Risk

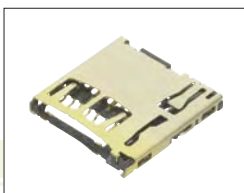
Alps Electric is actively working with risk-abating measures to prevent possible environmental damage from potential accidents or disasters.



Verifying response and measures practicality and efficiency for a hypothetical spillage of heavy oil at our Nagaoka Plant (Niigata Prefecture)

“Environmental Risk Maps” have been drawn up for each plant and are updated on a regular basis. These maps specify locations in the factory where chemical substances and waste are handled, which indicate high risk areas. Information regarding previous crises is also shared among employees, which lessens the risk of possible accidents. Other precautions taken at our facilities include replacing underground pipelines with aboveground, double walled pipelines, adding anti-liquid protective dikes to tanker parking areas and installing leakage sensors. We have also created an “Emergency Response Plan” and conduct regular training in line with plan procedures.

Life Cycle Assessments in Manufacturing



We identify, evaluate and verify the environmental impacts of products for each of the stages in their life cycles.

Promoting Green Procurement



We conduct Green Procurement in order to purchase parts and materials that do not contain hazardous substances.

Soil and Groundwater Purification



We are conducting ongoing cleansing of soil and groundwater that was found to be contaminated by organochloride compounds in 1999.

As a Crew Member of “Spaceship Earth”

—Alps Electric’s 14 Promises—

Why does Alps commit its resources to the environment?

Because when we procure raw materials from all over the world, when we use energy and chemical substances, when our employees commute to and from work, our company, its products and employees are closely connected to the environment in many ways.

Alps Electric progresses with its “Medium-Term Action Plans for Environmental Preservation” and 14 goals towards environmental conservation.

4 Monitoring Costs and Effects

Awareness of the costs and effects of an environmental protection agenda are essential for investing funds efficiently and effectively. Since fiscal 2000, Alps Electric’s domestic bases have been using an environmental accounting system, which today has branched out to our off-shore bases in order to monitor conditions globally.

10 Precautions Against Contamination Risk

Improper use of chemical substances can lead to contamination of the environment. For this reason, we work under a strict management plan with appropriate training and provision of equipment to minimize contamination risk. Furthermore, we are in the process of reducing VOC (volatile organic compounds) which are known air pollutants.

5 Providing Earth-Friendly Products

Designing products that have low environmental impact is every manufacturer’s responsibility. Since fiscal 2005, we have implemented an evaluation system for measuring a product’s lifetime environmental impact, beginning with the procurement of raw materials for the product to its final disposal.

11 “Green Purchasing” in Offices

In addition to efforts during manufacturing processes, we have a “green purchasing” policy that targets the decrease of office-generated environmental impacts. Through “green purchasing” we seek only environmentally friendly office supplies and company vehicles. Each Alps Electric division and base runs their own program.

1 Shared Global Awareness

With overseas production rising, it is becoming more important for Alps Electric Group’s domestic and overseas bases to work closer together for realizing environmentally conscious management. Domestic initiatives are shared with all global bases, constituting a unified global environmental management system.

6 Proper Management of Chemical Substances

Chemical substances are a necessary part of manufacturing, but unless treated with caution, they can pose considerable danger to people and to the environment. In our overall effort to reduce chemical substances in manufacturing, we have set operational standards that are stricter than legislative requirements in order to curtail hazardous substances in products.

12 Environmentally Conscious Shipping

In cooperation with a related company, Alps Logistics, we have succeeded in reducing the environmental impacts of our shipping system. We have managed to reduce waste and CO₂ emissions by re-plotting our transportation routes and procedures, and through the use of returnable and reusable containers that have replaced single-use, one-way packaging.



2 Disclosing Information on Our Corporate Activities

Information on corporate activities including environmental impact is periodically disseminated through our CSR reports and over the Internet to help us maintain and enhance mutual communication between us and our stakeholders.

3 Environmental Awareness of Each Employee

Raising awareness in all employees not only creates a solid corporate base for environmental management, but it also leads to improved awareness throughout the local community. While conducting environmental training at Alps Electric, we also issue internal publications on the subject to encourage employees to share the information with their families as well.

7 Conducting "Green Procurement"

The environmental conservation activities of our materials suppliers are also monitored on a global scale. We share a database of evaluation results over the Internet and only procure items deemed to have cleared our standards, and only from suppliers that we have certified to be "green" compliant.

8 Reducing CO₂ Emissions

Currently the pressing environmental issue is global warming; and at Alps Electric we have succeeded in reducing greenhouse gas emissions—the biggest cause of global warming. By fiscal 2006, we had ceased emissions of major greenhouse gases apart from CO₂. In that respect our objective is to bring our CO₂ emissions down by 15% of fiscal 2004 levels by fiscal 2010.

9 Elimination of Landfill Waste

Since fiscal 2001, we have pursued a "zero-emissions" policy that encourages recycling of solid waste, thus eliminating waste taken to disposal sites. Since fiscal 2003, we have also been reducing paper usage and conducting other activities that aim to reduce fiscal 2008 levels of waste volumes by 15% of fiscal 2004 levels.

14 Valuing Communities

Every Alps factory and office is part of the community in which it is located. In accordance with the local conditions unique to where they are situated, our facilities carry out voluntary public cleaning and other environmental protection-oriented activities whilst holding valuable the communication maintained with the community.

13 Greening Activities

Greening activity is not only necessary for preventing further global warming but it also contributes to improving living conditions for people in the surrounding communities. Alps Electric's divisions and bases will continue to promote greening activities such as tree-planting.

Our work in environmental conservation extends beyond the company. The approaches we take towards protecting the environment and any lessons we learn along the way are passed on to all Alps Electric employees, their families and the surrounding communities. We will continue to work as crew members of "Spaceship Earth," towards rebuilding a balance that is friendly to nature and satisfies stakeholders.

The Fifth Medium-Term Action Plan for Environmental Preservation is available on our website:

www.alps.com/e/csr/environment/envi_ini.htm

Alps Electric website > Corporate Social Responsibility > Harmony with Nature > The Fifth Medium-Term Action Plan for Environmental Preservation

Partnership with Customers

We work to enhance partnership with customers, suppliers, the industry, local communities, and other stakeholders surrounding Alps Electric.

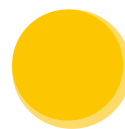
In today's rapidly changing business environments, it is essential to prepare roadmaps that perceive future market trends, and subsequently provide customers with timely and valuable information regarding new products and technology. In order to generate such valuable information constantly, Alps Electric uses a fast-moving PDCA cycle that involves holding regular meetings with our overseas sales representatives, gathering information on a global basis, and planning business strategies ten years in advance. We aim to develop supply-chain-wide "win-win" relationships through appropriate disclosure and sharing of information with customers and suppliers, and "walking the talk" to establish partnerships of mutual trust.

At times we would cooperate in development or technological partnerships with other players in the industry and at other times be part of the healthy rivalry in our efforts to invigorate the industry in its entirety. On a local level, we contribute to revitalizing communities through our ongoing business activities and personal interaction. Our very growth relies on these "partnerships with customers," as we aim for a mutual development.



Senior Managing Director
Sales & Marketing Headquarters

Yozo Yasuoka



“Partnership with Customers” — from the people of Alps Electric

We Go beyond Divisions to Provide Solutions



Junichi Onozato
Sales & Marketing
Headquarters,
Alps Electric Headquarters

Customer needs and expectations are constantly diversifying. To always provide superior solutions for meeting these demands we create new products through transcending divisions in fusing “people” and “technology.” A good example of this concept was the development of a particular game controller. To realize the game controller’s concept, we needed a wireless system with low power consumption and a special input device component. Multiple divisions cooperated in developing the idea, formulating the creative solution, delivering the end product and satisfying the customer’s needs. Our mission is to promote synergy from evolution and integration of technology and to propose new ideas to the world.

Our Goal is that of a Mutual Development with Our Suppliers

Procuring the required item, at the right time, in the appropriate quantity and at the best price, thus supplying our production lines effectively is the declared mission of our Purchasing Department. To accomplish our mission, a mutual trust must develop between us and our suppliers. I always keep in mind the wisdom of exchanging information that may not always constitute business at the time, for example information on potential new products and technologies we may have. The prudence of this philosophy is that one never knows when I might receive valuable recommendations from suppliers about their products or new materials. Our purpose is to maintain a high level of integrity and sincerity in any business that we do to foster mutual development with our business partners.



Tetsuya Maki
Purchasing Department,
Mechatronic Devices Division

Working on International Standardization of Switch Testing Methods



Shigeji Shinomiya
Applied R&D Department,
Mechatronic Devices Division

One of our main products is the switch, where Japan-manufactured products account for most of the global market share. It is no surprise then that Japan is taking the initiative in establishing international standards for switches. The knowledge I have acquired over my career with this company has given me the opportunity to represent a Japan-based switch-related committee and participate in international conferences. As a chief examiner of an international committee which also consists of representatives from China, Korea and major European and American countries, I work on establishing and improving IEC Standards for switches. I will continue to represent Japan’s views and ideas in my efforts to materialize international standardization.

Spreading Social Contribution through Volunteer Work Experience

Last year I volunteered my services to the “International Skills Festival for All, Japan 2007,”—an international event that brings together young engineers from all over the world. I handed out brochures and ushered visitors around the venues. The experience of talking with other volunteers and the appreciation I saw coming from the visitors reminded me of the word “coexistence.” This experience has motivated me to volunteer my time and services to other local community-oriented activities hosted by other divisions, and to encourage others to do the same.



Kazuya Kaneko
Manufacturing Department 1,
Magnetic Devices Division

Major Activity in Fiscal 2007

Efforts to Improve Quality

Originally, the principle behind quality inspections was to confirm compatibility with a product's specification sheet, agreed upon with an individual customer. However, this concept was somewhat wanting and had in a number of cases resulted in customer dissatisfaction after shipment even though specifications had been met.

Alps Electric has since adopted a new evaluation system based on QE (quality engineering). A computer detects delicate differentials, immediately and accurately evaluates potential functional instability of the product and prevents shipment of any defective found. We are increasing the number of products that can be monitored by this system so that we can incorporate it into our overseas plants. To develop the system further, we also created a QE training program which besides skill transfer, focuses on instilling into the employees a desire and determination to prevent defectives from ever

leaving the line. We are always striving to go above and beyond customers' expectations in quality assurance.



Basic training in QE for fiscal 2007 new employees



QE representatives from overseas affiliates gather for a debriefing and exchange session

Communication with Suppliers

To achieve a high standard of excellence, we must first form good working relationships with our suppliers. Our objective is to form a mutual understanding on the level of quality we have to achieve, and also on delivery dependability, fair pricing, and what constitutes expert technology and environmental awareness. Our suppliers are professionals in their respective fields, and we want to benefit from their knowledge by facilitating easy information sharing. We host conferences to share each other's strengths and ideas for creating a "win-win" relationship.

Every April, each division presents their business policies to our main suppliers. When needed we also host symposiums to exchange information on new

products and technologies. Activities are not restricted to Japan only, as we host Business Partner Meetings for the Asia/ASEAN and European regions to reinforce the relationships we have with our suppliers there too.



We host peer-to-peer gatherings for our suppliers to exchange information with each other

Please visit our website for more activities.

www.alps.com/e/csr/partnership/

[Alps Electric website](http://www.alps.com/e/csr/partnership/) > [Corporate Social Responsibility](#) > [Partnership with Customers](#)

Training Employees to Improve Customer Satisfaction



Employee training for improving sales & marketing skills and accuracy in meeting customer needs.



Ways to Improve Customer Satisfaction

To anticipate customer needs in technology or certain product areas, our sales departments create “product roadmaps” of trends and characteristics for each major market. Following these roadmaps, sales departments and divisions venture out of their direct business fields to research, plan, design, and develop products from a customer perspective. Providing customers with their desired solutions and newly developed products in a timely manner is one of the key roles our sales departments have.

Meanwhile, it is also very important to diligently monitor quality and delivery dates. We hold a quarterly “Global Sales & Marketing Conference” to assess the execution and progress of our objectives, adherence

to policies and assignments of sales departments. Representatives of each sales base and the Sales & Marketing Headquarters meet to confirm and review business scenarios and progress. Customer claims and product analysis requests are also logged into the GQIS (Global Quality Information System). The GQIS is an intranet system for monitoring customer claim responses from corresponding divisions, and customer satisfaction ratings on a global basis.

A Global Sales & Marketing Conference held in March 2008 at our Furukawa Plant (Miyagi Prefecture)



Presentation of Mold Training Textbooks to Iwate University Graduate School

Since fiscal 2005, Alps Electric has participated in the “Tripartite Consortium of Academic, Business, and Government Circles,” which aims to revitalize the Tohoku region of Japan, where most of our plants are located. The Consortium allows local corporations and universities to collaborate in strengthening the foundations of local communities through the development of technology and development of human resources.

In contribution to human resources development, our Technical Master Training Center is involved in establishing a metal mold production course at the university level. In fiscal 2007, we responded to a request from Iwate University, Graduate School of Engineering to “improve practical workability in education” by presenting the school with our original mold training textbooks.

The Director of Quality Control and Production Engineering Control presents educational material to Iwate University's Dean of the Faculty of Engineering on behalf of the Technical Master Training Center



Support in nurturing the next generation work force through provision of Alps-produced artisan training materials

Promotion of CSR throughout the Supply Chain



Contributing to the industry's development by participating in a JEITA working group to compile the Supply-Chain CSR Deployment Guidebook.

Blood Drive at Alps Electric (Malaysia)



An annual activity to inform employees about the importance of saving lives.

Skills Succession Lead by the Technical Master Training Center



The Center's purpose is to improve technical skill levels within Alps Electric and cooperative companies.

Fair Management

We strive to engage in fair and honest management, thereby increasing corporate value and earning the trust of stakeholders around the globe.

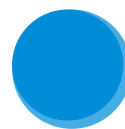
Alps Electric, as a corporate citizen, engages in balanced and fair management in order to earn the trust of its stakeholders. Alps places great importance on corporate governance, internal control systems (which improve business process transparency), compliance and information management, and communication with stockholders and investors. However, what we consider most important is nurturing a spirit of “self-reliance and self-discipline” in every employee.

No matter how good systems or rules are when introduced, they are only frameworks for operators to work with honesty and integrity. It is important that each individual within the organization is self-disciplined and always asks themselves questions like, “Am I being honest?” and “Does this follow normal business procedure?” Alps Electric is committed to constantly preserving and improving this corporate culture and continues to engage in highly transparent management through speedy and appropriate information disclosure. Improved corporate value can only be achieved through honest and sincere activity on a daily basis.



Managing Director
General Manager
Corporate Finance

Seishi Kai



“Fair Management” — from the people of Alps Electric

Visualizing Business Processes



Yurika Ishii
Accounting Section,
Peripheral Products Division

The Financial Instruments and Exchange Law requires corporations to submit their internal control reports to the government from fiscal 2008. In response to this law, Alps Electric is committed to documenting each business process and work arrangement. As a member of the accounting committee for my division, I am in charge of the inventory control process, where I examine procedures and find areas that could be improved. From working on this project, I have realized the importance of internal controls and have learned to think about how proper processes should be implemented. I will continue to engage in various activities that foster the spread of internal controls in our company.

Promoting Compliance at Affiliates in China

My main job is to evaluate contracts. I also work on expanding Alps’ ethics throughout China-based affiliates. All Alps affiliates in China adopted the Alps Group Compliance Charter in fiscal 2005. We then developed basic compliance regulations and internal reporting regulations in the latter half of fiscal 2007. We will now work on enhancing employee education in relation to compliance aspects.



Lu Liu
Legal Department,
Alps (China)

Implementing Information Security Measures



Yoshiaki Yasunaga
Information Systems
Department,
Alps Electric Headquarters

The basic tenets of Alps Electric’s information management policies are; nobody discloses information outside the company without proper authorization; restricted channels of information and restricted user access are in place at all times; and, one must never attempt to access information by side-stepping the proper channels. To enforce these policies, we use a number of methods to promote information security. In fiscal 2007, our data-encoding software was extended to our overseas affiliates, laying the global foundation for our information security architecture. I am committed to both improving our information operations and striking a balance between information security and ease of use.

Creating Reader-Friendly Communication Tools

I am in charge of tools such as the investor relations webpage and reports which bridge communication between Alps Electric, stockholders, and investors. I aim to provide accurate and up-to-date information which is easy to read. For example, part of my job entails production of the quarterly Alps Report for stockholders. I try to make it reader-friendly by using an attractive cover, and many photos and illustrations. I will also continue to place importance on gathering stockholder opinion through questionnaires and other methods in order to facilitate two-way communication.



Aki Kojima
Corporate Treasury Department,
Alps Electric Headquarters

Major Activity in Fiscal 2007

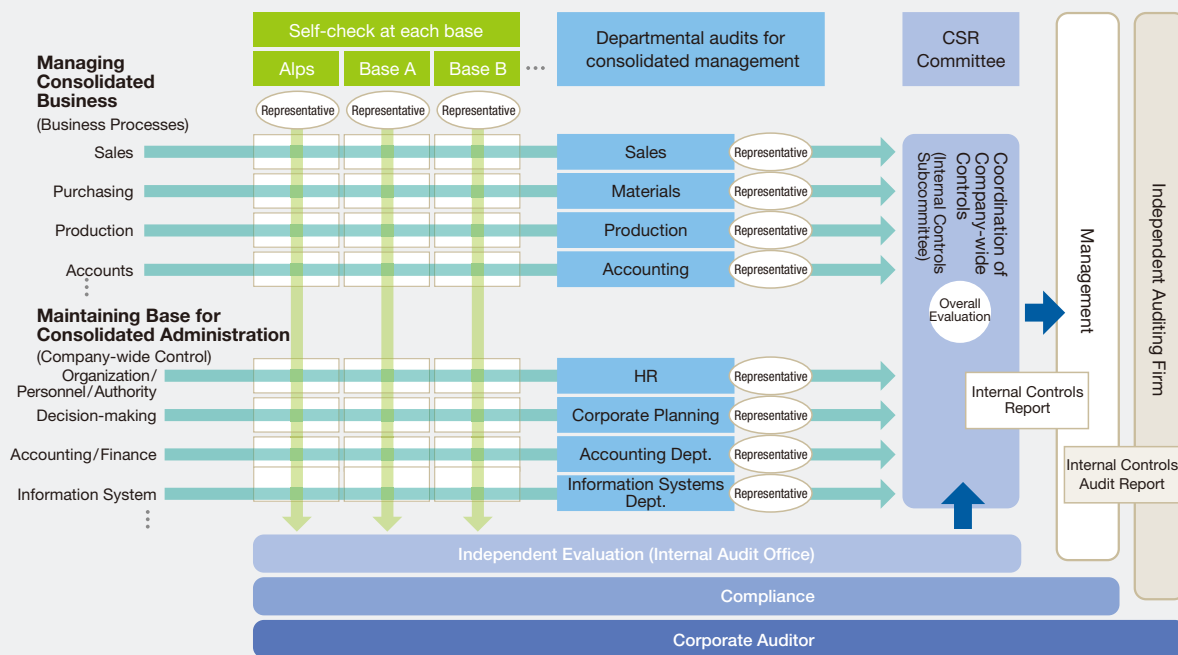
Developing the Internal Control System

In fiscal 2008, “internal controls over financial reporting” will come into effect in line with the Financial Instruments and Exchange Law. Internal controls are designed to prevent dishonesty, fraudulence, and inaccuracies occurring within a company. In October 2006, Alps Electric launched two projects under the Internal Controls panel of its CSR Committee – the Business Process Visibility and the Company Regulations Projects – and has since advanced activity aiming to create internal controls unique to the company.

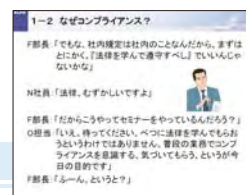
The slogan of this initiative is “making risks, rules and processes visible.” The projects aim to establish and implement various regulations for reducing risks and making them visible throughout all business processes, including sales and purchasing. In order for

these projects to take root throughout actual places of work, five working groups have been created to cover sales, purchasing, personnel, headquarters accounting, and division accounting. With overseas affiliates also in perspective, these working groups propel activity in a self-directive manner. In order to develop internal controls of greater reliability, each affiliate/site conducts self-checks, and each department audits its own business processes from a consolidated management perspective. In this way Alps Electric advances company-wide and business process controls on a vertical and horizontal matrix. Alps Electric will continue to pursue company-wide efforts in increasing financial reporting credibility, while improving business innovation and developing even more reliable management structures and systems.

Internal Controls Evaluation Structure



Employee Compliance Training



Providing opportunities for education through periodical lectures and e-learning.

Please visit our website for more activities.

www.alps.com/e/csr/manage/

Alps Electric website > Corporate Social Responsibility > Fair Management



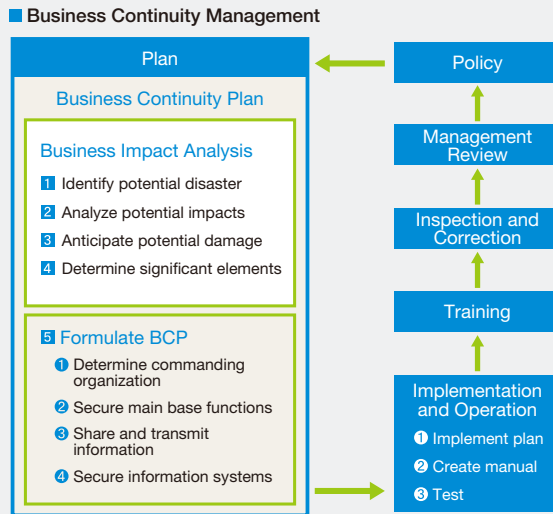
Creating BCPs and Measuring Progress

Alps Electric considers risk management as one of its most important managerial issues, and is taking action from a Business Continuity Management (BCM) perspective.

We identify risks that may disrupt business operations when sudden disasters such as earthquakes and fires occur, and examine potential property damage. Based on this analysis, we identify risks that necessitate priority measures, then develop preventative strategies, safeguards and recovery strategies to compile a Business Continuity Plan (BCP), which minimizes negative impact. BCP effectiveness is analyzed regularly and adjusted accordingly.

In fiscal 2007 an experimental BCP was drawn up for a group of products with particular risks. After gauging effectiveness, we will develop BCPs for other groups of products and ultimately, Alps Electric will

formulate a common basic BCP policy throughout the entire company.



Compliance in Exports and Imports

In December 2007, Alps Electric became the first corporation in Japan to receive Compliance Customs Clearance for both exports and imports simultaneously.

Compliance Customs Clearance aims at improving the safety of cargo and increasing efficiency of customs

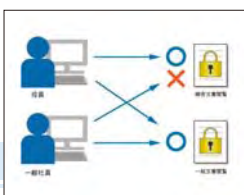


The Director-General of Tokyo Customs grants qualification of "Compliance Customs Clearance" to our Director of Export & Import Administration Affairs

clearance procedures for exports and imports. This system allows qualified corporations to have simpler customs clearance procedures for exports and imports. To qualify for the system, corporations must have solid compliance systems. Awarding this qualification to Alps Electric implies that our compliance system was recognized as valid. But the greater implication is that Alps will be able to reduce time and costs in conducting export and import procedures.

Alps Electric will maintain this compliance system in order to assure quick delivery of products to customers throughout the world, and so that society can maintain confidence in the company.

Efforts in Information Security



Introduction of software unique to Alps Electric and enforcement of information network security.

Fair Information Disclosure



We disclose fair, correct and timely information using media such as our homepage, Annual Report and other communication mediums.

Communication with Stockholders and Investors



We hold business performance briefings and visit stockholders and investors to increase communication.

Respect for the Individual

We strive to create opportunities and working environments that enable employees to interact freely, develop into independent professionals, and to pursue proactive roles in the company.

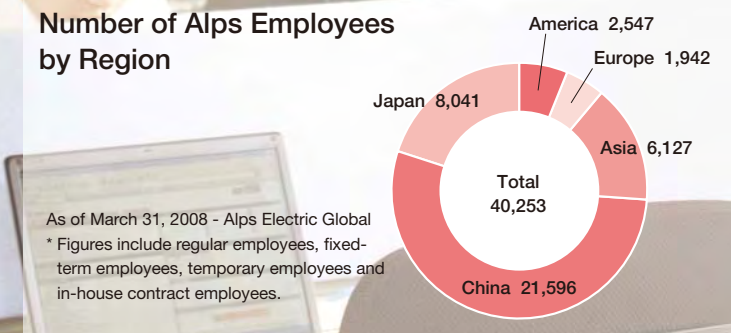
Alps Electric is involved in world-wide business where we have people from various backgrounds, nationalities, languages, cultures, customs, and gender. Our corporate strength depends on employees being able to freely communicate with understanding and respect for one another, and growing into creative and independent professionals.

Alps believes “respect for the individual” is achieved in an environment where individuals enliven each other. In addition to developing programs and various infrastructure for in-house interactive communication, Alps holds events such as our very own sports event, ALPS WORLD, and private exhibition, ALPS SHOW, where employees can learn, interact and become proactive while sharing the “One Alps” spirit and sense of unity.

Our family-like work environment goes back to the company’s early years when it used to be called a “great small factory.” We have also kept a historical corporate culture motto – “Work Hard, Study Hard, Play Hard.” We hope our employees inherit this traditional DNA, and challenge diverse fields of work, study and play, displaying their individual characteristics through team work, and polishing their human appeal.



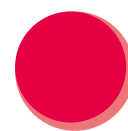
Number of Alps Employees by Region



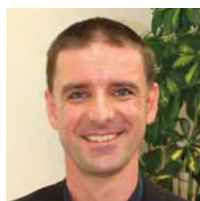
As of March 31, 2008 - Alps Electric Global
* Figures include regular employees, fixed-term employees, temporary employees and in-house contract employees.

Deputy General Manager
Corporate Planning
Hitoshi Tsuzuki

“Respect for the Individual” — from the people of Alps Electric



Sharing Japanese Business Culture and Promoting Communication



Milan Cisár
Czech Project,
Automotive Products Division

I transferred from Alps Electric Czech back in April 2007, to work in Japan on the Alps Work Experience Program. While working in Japan, I began to understand what was causing some communication difficulties between Alps Electric in Japan and its overseas affiliates. I found that miscommunication happens sometimes because we do not understand each other's business approaches and culture. The original objective of this transfer was for me to learn about Japanese management styles, but now I would like to share with employees at Alps Electric Czech what I have learnt about how Japanese people work and approach things. I want to make full use of my time in Japan by nurturing communication beyond borders.

Using Available Programs to Strike a Balance between Working and Raising Twins

After the birth of twin boys, extended maternity and childcare leave, I headed back to the office. I work for the Legal Department of Alps Electric, drafting and examining contracts. Since returning to work, I have been taking advantage of the Reduced Working Hours program to allow me to spend as much time as possible with my boys. Whenever they get sick, I make full use of the company's leave systems such as the child-nursing leave. So while at work I try to perform my duties efficiently, and to get things done as soon as possible. Being able to maintain a balance between work and raising a family is harder than I had imagined, but with the help of those around me, I am living life to the fullest.



Saeko Nakagawa
Legal Department,
Alps Electric Headquarters

Enhancing Workplace Appeal through Reviewing Our Systems



Kazunori Komatsu
Human Resources and
General Affairs Department,
Alps Electric Headquarters

As an administrator of Alps Electric's employee system, I am involved in promoting and developing an environment that allows greater job satisfaction. Our team examines how each employee can find motivation to work, and how individual talents can be fully utilized in a team situation. Consequently in March 2008, we revised some of the employee system. The newly revised system can only go as far as providing support for employees, so we intend to make sure it is fully utilized throughout the company in order that each and every individual can set their own goals and work toward their own dreams. We will of course provide further assistance in life-time career design and other aspects to make this a reality.

Improving the Working Environment and Risk Abatement

We introduced an occupational health and safety management system in April 2006. I helped with setting up the system from the beginning and today I facilitate its operation throughout the manufacturing floors. After the introduction of the system, we have been working on reducing potential workplace risks and going through the relative plan-do-check-act (PDCA) cycle. Employees have been trained in risk assessments, and relative internal organizations have been established, which has resulted in a reduction in potential risks. I would like to continue developing working environments that allow employees to work safely and worry-free.



Eiichi Aoki
Manufacturing Department 1,
Magnetic Devices Division

Major Activity in Fiscal 2007

Global Human Resource Management—IAP

The International Associates Program (IAP) employs new graduates from overseas. The program's origins began in 1989 to promote globalization of human resources when we first hired recent graduates from Ireland in line with the Irish Trainee Program—a program advocated by the Irish government. Since fiscal 2005, in association with our overseas affiliates, we have been expanding this program to different countries. Today, we also recruit participants from France, Germany, and North America.

The program offers participants two years of work experience in Japan, and many program participants have gone on further to work for Alps, either in Japan or overseas after this two-year timeframe.

At the end of fiscal 2007 we had fifteen participants in Japan, and our plan for fiscal 2008 is to expand the program by including more countries from where participants can take part.

Raising Awareness and Understanding Cultural Diversity



Jiří Kárský

Global Human Resources Department,
Alps Electric Headquarters

I came to Japan from the Czech Republic in October 2007 as a participant on the IAP. I am currently assigned to the Global Human Resources Department where I work on global personnel issues. I am also involved in recruiting, and have visited universities and held company information sessions for students. Through daily tasks, I can tell that my Japanese is improving and my understanding of social and work culture is deepening too. I am grateful that I have been given the opportunity to be a part of this program. I hope that they will continue to provide many more people with the invaluable experiences that the IAP brings.

Spurring Employment of Individuals with Disabilities

Alps Electric places importance on all employees, including individuals with disabilities and individuals without, working and respecting each other in the workplace.

Based on applicable laws that govern the advancement of employment for individuals with disabilities, Alps Electric has set certain employment

rates as objectives. Our employment rate of individuals with disabilities in fiscal 2007 was 1.55%, and have subsequently set a 1.84% objective for fiscal 2008 and 2.03% for fiscal 2009. We plan to surpass the mandated rate of 1.8% by the third year of our plan, which began in fiscal 2006. Alps Electric intends to provide more employment and career opportunities for all.

ALPS WORLD 2007



A sporting event for Alps Group employees as a way of bringing together people from different branches and departments.

Please visit our website
for more activities.

www.alps.com/e/csr/individual/

[Alps Electric website](#) > [Corporate Social Responsibility](#) > [Respect for the Individual](#)



Female Study Groups Visit China

Alps Electric offers study and experiential opportunities for female employees in order to facilitate more career opportunities within the company. In fiscal 2007, two groups of predominantly female employees visited affiliates in China for study tours.

The study groups were comprised of fifteen managers and female employees from within the Alps Group who were interested in expanding female occupational opportunities. They participated in pre-departure training and interim presentations where they outlined tasks and ideas about the study tours. After returning to Japan, they prepared individual and group reports that summarized benefits gained from the tours. The results will be used to facilitate further opportunities for the participants themselves, as well as operational reviews at each of their workplaces.



Observing a department's operations at a Dalian Alps Electronics plant



Holding discussions and hearings with female group leaders from Dalian Alps Electronics

Efforts in Mental Health

Alps Electric offers mental health education for employees and managers as part of its commitment to maintaining employee mental health. Since fiscal 2004, and in order to provide a working environment that reinforces mental health, counseling rooms have been

available at all facilities for all employees to use if needed. A counselor is present on designated days for those who wish to take up the opportunity to seek advice.

In fiscal 2007, we reviewed the systems available for employees to use after returning from mental health leave, and established a new Back to Work Program. Employees returning to work after mental health leave are often faced with a lot of stress and particular care is needed during this period. The program gives tailored support to each returning employee and guidelines for working hours, job types and the necessary support needed.



A full-time counselor gives a seminar at Alps Electric Headquarters. Approximately 200 employees participated in similar sessions over two days.

Award from the Association for Safety of Hazardous Materials



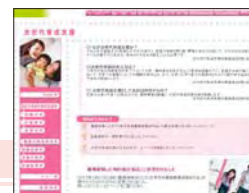
The Taira Plant (Fukui Prefecture) awarded for its accident-free record over many years.

Free Address Open Seating



Promoting communication between employees by introducing an open seating system in the office.

Supporting the Development of the Next Generation



An intranet website to inform employees of available programs that can help them find the work-life balance.



Friendly to people, Friendly to nature.

Environmental Symbol

The environmental symbol shown here expresses the three elements—air, water and earth.

This symbol was selected from many proposals created by Alps Electric employees.

ALPS[®]

**CSR Group, Corporate Planning Office,
ALPS ELECTRIC CO., LTD.**

1-7, Yukigaya-otsukamachi, Ota-ku, Tokyo, 145-8501, JAPAN

Tel : +81 (3) 3726-1211

Fax: +81 (3) 5499-8170

E-mail: csr@jp.alps.com

<http://www.alps.com/>

We look forward to any comments and feedback you may have.



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