

CSR is business itself

As a corporation that is committed to retaining the confidence of our stakeholders, we develop CSR activity based on the five statements of our Business Approach, which realize the Alps Philosophy.

Corporate Social Responsibility



— Alps Business Approach —



Pursuit of Value

Products/
Technology

Harmony with Nature

Environment

Partnership with Customers

Industry/Society

Fair Management

Governance/
Management

Respect for the Individual

Employees/
Workplace

Our CSR

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

CSR is business 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.



Masataka Kataoka, President

A handwritten signature in black ink, which appears to read "M. Kataoka".

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.

CSR Management

CSR Management Structure

Integrating CSR Activities with Business Direction

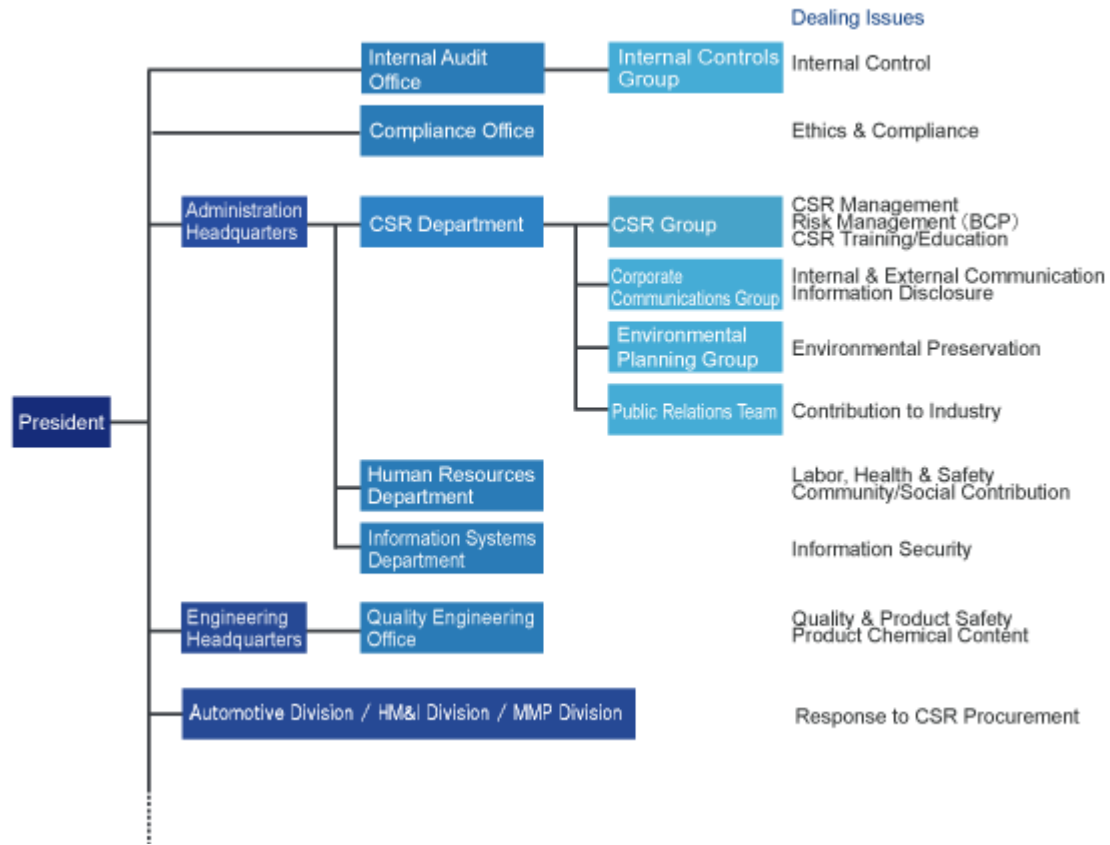
Alps Electric believes “CSR is business itself,” and that it is important to integrate CSR and business initiatives.

In April 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 a 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. Subsequently, we have conducted this CSR self-evaluation annually to assess the progress that each business base is making in CSR activity.

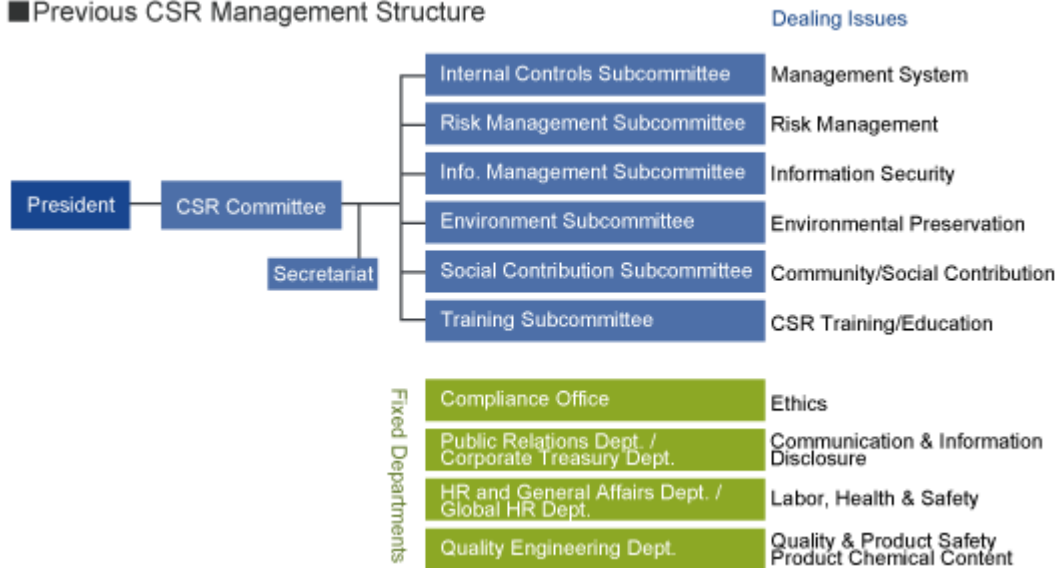
In April 2008, the CSR Committee was reorganized in order to improve employee CSR training and to transfer compliance and information disclosure responsibilities, which have become regular business operations, to fixed departments. In fiscal 2008, we reinforced our Group-wide CSR structure by beginning 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 are also held between these companies on a regular basis.

As stated above, we have used the past three years to develop a CSR structural base. In April 2009, when the CSR Department was established through the reorganization associated with business structural reforms, the CSR Committee was dissolved to make way for a structure in which CSR activities are conducted as regular business operations. Taking a leading role, the CSR Department will reinforce cooperation with other relevant departments for further integration of both business and CSR initiatives.

■ Current CSR Management Structure




■ Previous CSR Management Structure



CSR Mid-Term Plan

Alps Electric Global CSR Mid-Term Plan



 1st CSR Mid-Term Plan Result, Fiscal 2009 Short-Term Plan
 ↑ Detailed data can be viewed at the end of this document.

Alps Electric 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, 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.

Fiscal 2008: Establishing a CSR structure covering the entire Group

Management Goals

CSR Mid-Term Plan 2006 - 2008	Action Targets for Fiscal 2008 (April 1, 2008 - March 31, 2009)	Results (for April 1, 2008-March 31, 2009)	Self evaluation
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.	<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"> Consulted with some business locations. Each Subcommittee and department responded to CSR requests from society, of which status was reported at the CSR Committee meeting. 	⊙
Appoint a CSR Representative and CSR Officer at each business location in Japan and overseas, and establish a Group and global CSR management system.	<ul style="list-style-type: none"> Develop and strengthen Alps Group's CSR structure. 	<ul style="list-style-type: none"> Held a Group CSR Committee meeting. 	⊙
Plan and promote educational and developmental programs for CSR to be incorporated into the daily lives of every employee.	<ul style="list-style-type: none"> Establish a specific organization for CSR education to reinforce the CSR structure and enrich multilevel education. 	<ul style="list-style-type: none"> Established a Training Subcommittee under the CSR Committee. Conducted CSR education at some multi-level group training sessions. 	⊙

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

Social Goals (for Stakeholders)

CSR Mid-Term Plan 2006 - 2008	Action Targets for Fiscal 2008 (April 1, 2008 – March 31, 2009)	Results (for April 1, 2008-March 31, 2009)	Self evaluation
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.	<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"> Established a liaison in sales departments to respond to customer CSR requests. 	○
Enable responses to a wide range of questions from customers concerning the PDCA performance of our CSR system in the electronic components business.			
Suppliers			
Create a guidebook for CSR infiltration.	<ul style="list-style-type: none"> Explain our CSR initiatives at supplier meetings to gain understanding and cooperation. 	<ul style="list-style-type: none"> Explained our CSR initiatives at supplier meetings and business policy briefing sessions. 	○
Encourage CSR of suppliers through ascertaining their performance according to the above guidebook.	<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"> Suspended supplier surveys after monitoring consumer product manufacturers and other companies in industry. 	△
Stockholders/Investors			
Provide clear and substantial PR and information disclosure service to stockholders and investors in Japan and overseas.	<ul style="list-style-type: none"> Improve our IR publications and the Alps Report with the aim of improving information disclosure and public relations. Raise awareness and prepare for electronic stock certificates. 	<ul style="list-style-type: none"> Improved the <i>Alps Report</i> by using charts for major indicators and briefing the financial statements with comments. Promoted preparation for electronic stock certificates, and conducted a follow-up after the transition through the Report and the in-house publications. 	○
Company Members and their Families			
Ascertain actual working conditions at overseas business locations, and establish appropriate personnel management standards.	<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"> Reviewed establishment of major regulations of overseas business locations, and reinforced insufficiencies. 	○
Examine working environments of our domestic cooperating company employees and establish rules to maintain conditions.	<ul style="list-style-type: none"> Conduct labor environment surveys of cooperating companies. 	<ul style="list-style-type: none"> Suspended specific development due to drastic changes of the business environment. 	△

CSR Mid-Term Plan 2006 - 2008	Action Targets for Fiscal 2008 (April 1, 2008 – March 31, 2009)	Results (for April 1, 2008-March 31, 2009)	Self evaluation
Society			
Ascertain how global business locations are communicating with local communities.	<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"> Established company-wide guidelines dealing with customer requests in each business location, and deployed them throughout the business locations. 	○
Set policies and goals for each business location, and implement them.	<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"> Not completely reached the targets toward the 1st CSR Mid-Term Plan. Continue to be involved in tasks. Suspended establishment of a 2nd CSR Mid-Term Plan due to drastic changes of the business environment. 	△
Communicate our CSR initiatives to all our stakeholders.	<ul style="list-style-type: none"> Further improve our website (CSR pages) and the CSR Report. 	<ul style="list-style-type: none"> Improved the CSR Report by digesting it to focus on particularly appealing content. Built up our website (CSR pages) that covers all information to provide details. 	○
Industry/Financial Community			
Contribute to the continuous development of CSR activities conducted by the electronic components industry.	<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 Green IT Promotion Council, and contributed to measures for preventing further global warming through use of IT and electronics technology. 	○
Public Organizations			
Contribute to continuous development of CSR through cooperation with public organizations.	<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"> Continued to support the Monozukuri School through cooperation with administrative organizations. 	○

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

Environmental Targets

CSR Mid-Term Plan 2006 - 2008	Action Targets for Fiscal 2008 (April 1, 2008 - March 31, 2009)	Results (for April 1, 2008-March 31, 2009)	Self evaluation
Establish a global environmental management system.	<ul style="list-style-type: none"> ● Establish a global environmental management system. ● Enhance environmental education. 	<ul style="list-style-type: none"> ● Established a global environmental performance data collection 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.	<ul style="list-style-type: none"> ● Initiate the environmental risk management system globally. 	<ul style="list-style-type: none"> ● Conducted surveys at overseas business locations. 	○

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.



Director
General Manager
Engineering & Quality Control
Toshihiro Kuriyama



Pursuit of Value

Perfecting the Art of Electronics

By "perfecting the art of electronics," Alps Electric is committed to developing new value that contributes to the prosperity of society, and brings convenience to people's lives. Electrical and electronic equipment have become an indispensable part of our lives. These devices are increasingly becoming high-performance, multi-functional and compact, and are dependent upon the even smaller electronic components inside them, which carry out a variety of highly specific functions. Alps' electronic components are incorporated into all kinds of products, including automobiles, home appliances, cellular phones, PCs, printers, and game consoles. In this way, our electronic components contribute to making people's lives safer, more convenient, and comfortable.

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.

Developing Products to Meet Customers' Needs

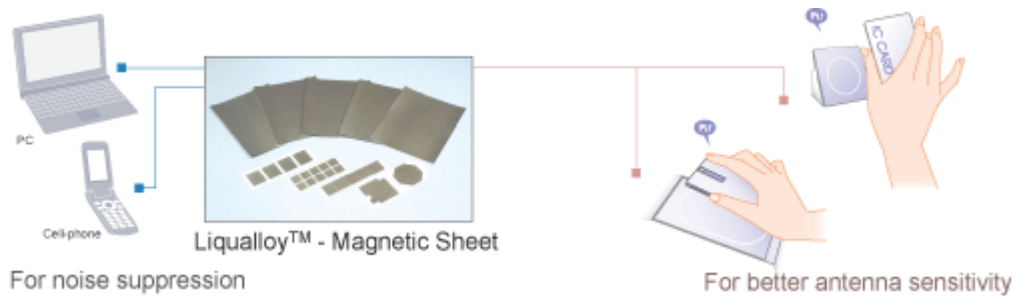
In our daily lives, we are surrounded by various kinds of radio waves used for broadcasting and communication with television and mobile phones. The condition in which these radio waves interfere with each other causing communication problems such as difficulty in receiving proper data between devices is known as “noise”. Noise can even occur in the inside of digital devices themselves including mobile phones. As a countermeasure for this problem, Alps Electric developed a “Magnetic Sheet Licalloy™ for Noise Suppression” based on proprietary technology cultivated through R&D of magnetic materials.

Besides suppressing noise, magnetic sheets are also used to efficiently catch radio waves. They help stabilize RFID system communication in non-contact IC cards such as “Suica®”(*1) (rechargeable prepaid travel passes) and “OSAIFU KEITAI”(*2) (mobile phones equipped with electronic money) by catching radio waves and improving antenna sensitivity.

In increasing performance even further, we have developed a Licalloy™ magnetic sheet that enables the highest level of noise suppression in the industry (approximately a 20% improvement from our existing model), and a Licalloy™ magnetic sheet for RFID that achieves the highest level of magnetic conduction in the industry (approximately a 25% improvement from our existing model). We will continue to support the digital society through utilizing our proprietary technologies to develop products that use this magnetic material.

(*1) Suica® is a registered trade mark of East Japan Railway Company.

(*2) OSAIFU KEITAI is a registered trade mark of NTT DOCOMO, Inc.



"ALPS SHOW 2008"

The "ALPS SHOW 2008" was held at the Grand Prince Hotel New Takanawa, Shinagawa, Tokyo on September 25 and 26, 2008. This show, inaugurated in 1966 to introduce our latest products and technologies to stakeholders, has become a biennial event.

The theme of this latest show (35th), "YOU MEET COMFORT", was carried over from the previous show held in 2006. We exhibited a large number of new products and technologies which were more advanced or harmonized with our various core and proprietary technologies.

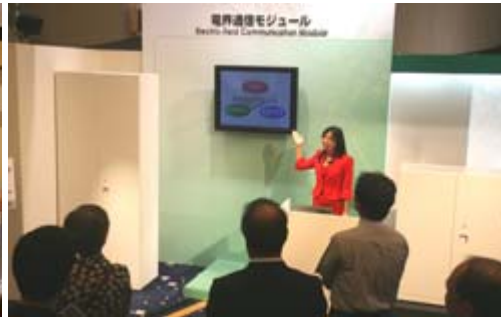
The event site, larger than the previous show, was divided into 11 booths such as "core technologies", "sensing devices", and "automotive", enabling us to prepare many exhibition boards for introducing the details of each product and technology. The comments we receive from customers at the "ALPS SHOW" are shared with our sales, R&D, and design departments and reflected into our technology and product development plans through careful analysis and examination from various angles in order to develop specific business lines.



A larger space than our previous show allowed a vast array of products for display



(Left) Introducing our wide variety of sensing devices



(Right) Presenting our HF technology

Pursuit of Value

Creating New Value

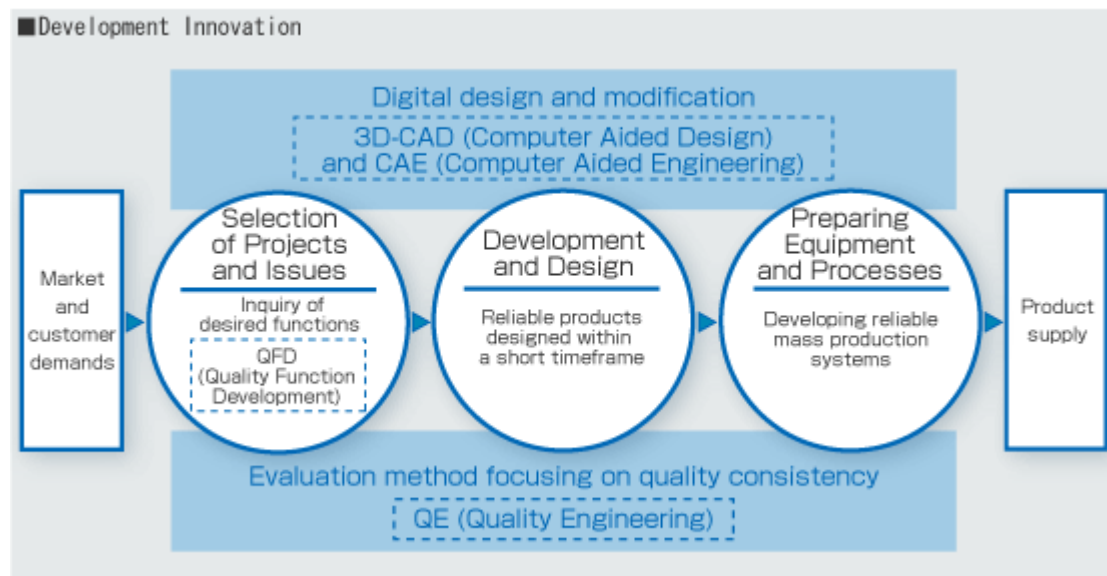
Innovation of Development at Alps Electric Allows Quick Creation of New Value

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 “*ippastu-kando*” which conceptualizes manufacturing products that work perfectly the first time. In short *ippastu-kando* means to provide products consistent in quality. To implement this concept Alps Electric employs various methods which utilize Quality Engineering (QE).

Anticipating the needs of customers comes first. With the Quality Function Deployment (QFD) method, Alps Electric looks at customer needs and resources, then sets up projects to create products which are sure to be in demand in the near future. Next, while utilizing IT as much as possible, and with the subsequent aid of 3-Dimensional Computer Aided Design (3D-CAD) and Computer Aided Engineering (CAE), Alps Electric develops functions and product quality on a digital basis. This process minimizes costs and time used for creating and testing prototypes.

Product evaluations are implemented early on from product development phases through utilizing QE to check on quality and reliability, preventing inferior-quality products from entering the market.

The introduction of these methods for evaluation allows Alps Electric to swiftly produce reliable and high-quality products, along with creating products which the market will need in the future. 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.



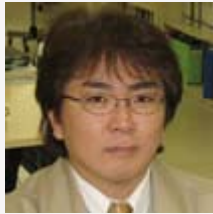
Initiatives in Fiscal 2008

Development of Hybrid Type GlidePoint™ for OLPC "XO"

The notebook PC, "XO", supplied by the non-profit organization the One Laptop Per Child Association (OLPC), was developed to provide children in developing countries with a similar level education as those in advanced countries at a reasonable cost. Our unique sensor pad is used in the touch pad of the "XO". Notebook PCs in the market are already installed with our capacitance sensing "GlidePoint™", however, we proposed an original product which combines the capacitance sensor and resistive touch tablet to meet a fundamental need of the OLPC's "XO" notebook PC, which is to allow children to draw or write with pens on the touch pad.



Hybrid Type GlidePoint™



Engineering Department
4,
HMI Business Unit

Takashi Kondo

I was in charge of the development and design of this product. We had also considered an electromagnetic type of touch pad to allow operation with the user's fingers or special pens. However it failed to meet the needs this time due to its high cost. So, we came up with the idea of combining the lower cost resistive touch tablet and capacitance sensor. We had to solve several problems one by one including false operation of the capacitance sensor triggered by the noise from the resistive touch tablet. Furthermore, the existing panel board's surface was easily scratched by writing implements, so we developed panel boards that are harder and more durable against scratches. We intend to develop higher quality and more user friendly products by applying the knowhow we gained through the development of this product.

Evaluating Product Performance off the Production Line

During the final phases of development that precede mass-production, quality assurance departments need to carry out evaluations. The departments must examine products thoroughly for reliability in the shortest time possible to make sure that all customers will be satisfied. In the past, Alps Electric used a conventional "Specification Evaluation" method which tested whether products conformed to certain specifications. However, we have recently introduced a new "Functionality Evaluation" system which tests the functional reliability of products. This new method lets Alps Electric evaluate products based on the actual way customers would use them. Additionally, the new method takes less than one third of the time than the previous method of evaluation.

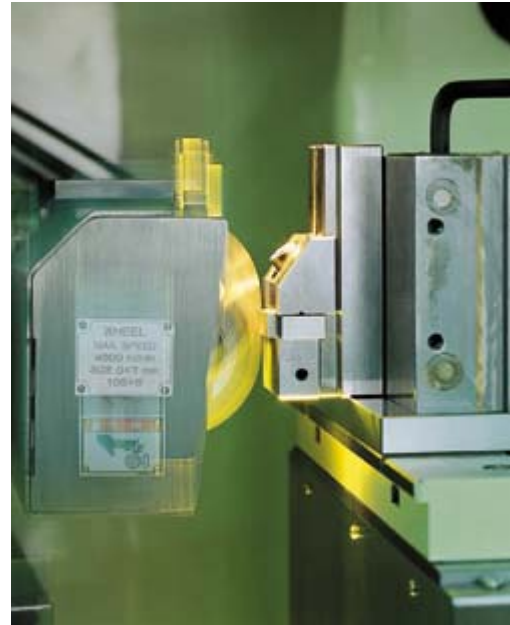


Evaluating reliability through designated tools

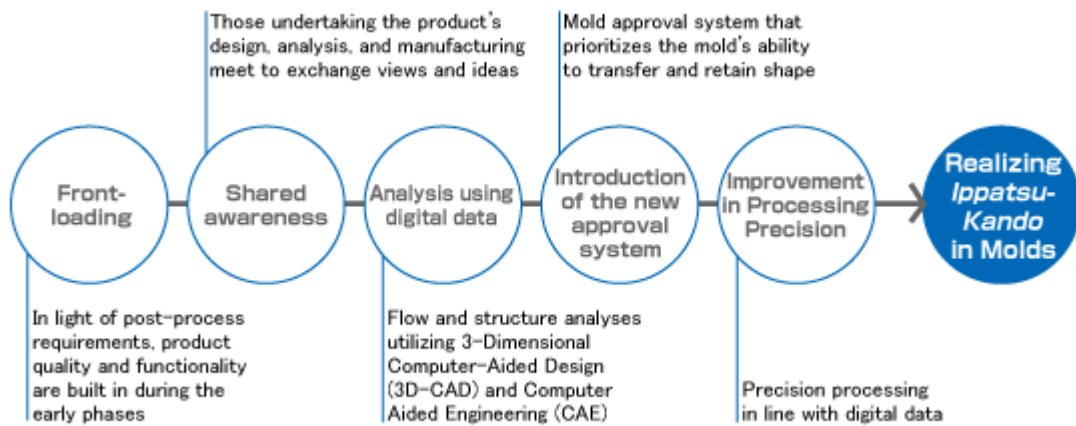
Realizing *Ippatsu-Kando** in Molds

In the past, the conventional process for manufacturing molds relied upon continual modification of prototypes until the desired shape was eventually achieved. Now however, when Alps Electric develops new molds, a new manufacturing process based on the “*ippatsu-kando*” concept is utilized. This method also has the added benefit of keeping processing costs down. In introducing a new approval system for molds and while improving process precision, we use digital design methods, Computer Aided Engineering (CAE), and Quality Engineering (QE) to verify functional stability in the development phases. As a result of these steps for increasing accuracy, Alps was able to bring manufacturing time down while achieving a significant improvement in 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.

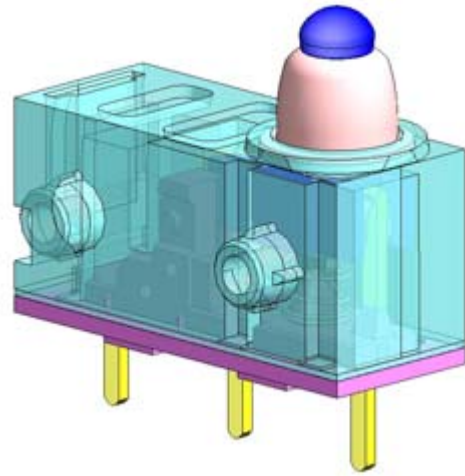


Grinding process in mold manufacture



Shortening Product Development Time and Realizing Functional Stability

One of Alps Electric's major products is the switch. However, the market for switches changes rapidly, and in order to respond to customer needs the company has to develop new and reliable products with speed, along with high precision technologies that allow smaller product dimensions. Alps Electric's unique Digital Manufacturing (DM) initiative helps the company stay competitive in this changing market. DM is used in designing products with functions the market is expected to demand, before raising their functional consistency through multiple simulations. Alps Electric applies this method to every process in product development from design phases, to manufacture preparation, to mass production itself. Applying the DM Initiative has made it possible for Alps Electric to shorten product development timeframes considerably, thereby allowing the company to provide reliable products with speed.



3D-CAD diagram of a switch

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.



Managing Director
General Manager
Administration Headquarters

Seishi Kai

Harmony with Nature

Environmental Management

Alps, as a crew member of “Spaceship Earth”, considers conservation of the global environment an important management responsibility. In 1994 we established a company-wide Environmental Charter and a medium-term plan with the objective of becoming more proactive and preventive in environmental preservation.

Since 1994, our environmental preservation plans have expanded to include a global management structure, and a corporate turn towards “green” products. Lowering the impact our business activities have on the environment is a necessary step in “perfecting the art of electronics”.

The Alps Group Environmental Charter

Basic Philosophy

Alps, as a member of the global community, is committed to protecting the beauty of nature and to safeguarding our precious resources through the use of technologically advanced business practices and the efforts of its employees, in order to promote sustainable development.

Action Program

Placing priority on environmental preservation, we at Alps will:

1. Develop products in light of environmental concerns
2. Engage in environmentally friendly production and sales
3. Conserve our natural resources
4. Reduce or eliminate waste
5. Increase recycling activities

Environmental Management System

Alps recognizes that ISO 14001, the international standard for environmental management systems, is an important criterion in environmental management. By fiscal 2006, we had acquired ISO 14001 certification for all our twenty-three production facilities, nine in Japan and fourteen abroad. Certified locations perform internal environmental audits at least once a year in accordance with the ISO 14001 standards.

After implementing our first action plan for environmental preservation in 1994, we have since formulated medium-term plans every three years, and in addition every site creates and implements their own independent plans as well. Fiscal 2008 marked the final year of our Fifth Medium-Term Action Plan for Environmental Preservation. Despite all of our efforts, some of the targets were not quite achieved. We are formulating the Sixth Medium-Term Action Plan for Environmental Preservation for initiatives in and after fiscal 2009.



An audit in progress by a third party auditor

Legal Compliance

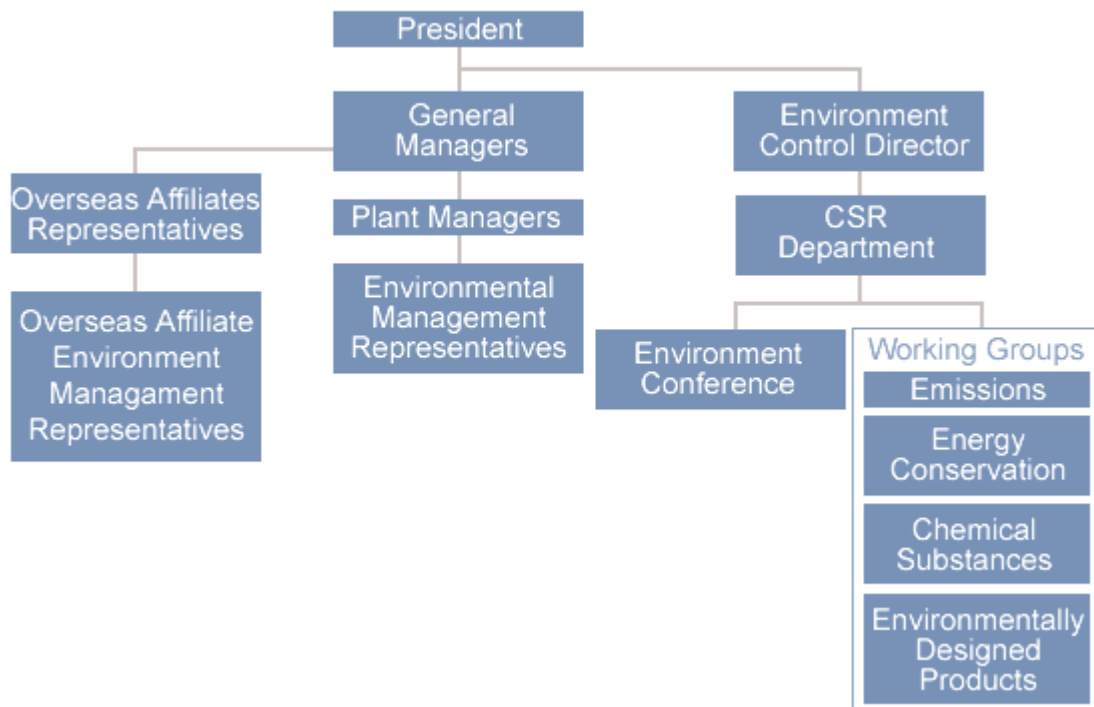
Part of Alps Electric's commitment to, and full compliance with laws and regulations related to the environment includes a voluntary standard that is more stringent than legally required in each country. Alps Electric was not the subject of any environmental fines, or legal actions, nor the cause of accidents throughout fiscal 2008. However, we did experience two cases of complaints about noise from neighboring residents of our Nagaoka Plant, and we have since addressed the noise source and resolved the issues appropriately.

Environmental Management Structure

Policies and measures regarding environmental management at Alps Electric are first discussed in the Environment Conference which consists of site representatives, and are then reviewed for approval by the Environment Control Director. Approved policies and measures are deployed to domestic sites via the Environment Conference, and implemented at overseas sites via representatives and environmental management representatives of overseas affiliates.

The CSR Department runs the Environment Conference and is positioned under the supervision of the Environment Control Director in order to implement environmental management, which includes planning company-wide measures and collecting relevant information. The Department is also responsible for overseeing the "working groups" which are organized to examine specific issues, such as global warming and waste management.

Environmental Management Structure (As of June, 2009)



Environmental Training Programs

In April 2008, using the company intranet system, Alps Electric began to conduct “e-learning” programs, under the theme of global warming. Headquarters, also conducts environmental training for new recruits and new managers according to their qualification grades. Employees at each plant receive environmental training specific to their jobs, and technical training such as the one given to internal environmental auditors. Off-shore production facilities implement their own programs to provide effective training that corresponds to the local regulations and customs.



Environmental training for new managers

“E-learning” via company intranet system

The “e-learning” program, conducted over the company intranet system, explains the causes of global warming and their influence upon the global environment, environmental protection efforts by electric and electronic industries, and our company efforts in environmental conservation. It also introduces ideas for reducing CO₂ emissions in employees’ homes. We are making all efforts to raise global warming awareness of our employees.

1-1. なぜ、地球は温暖化しているのか？

地球にふりそそぐ太陽光は、地球表面をあたためます。また、地球も熱を宇宙に放出しています。「温室効果ガス」はこの熱の一部を吸収し、地球を「温室」のようにあたためています。この結果、地球は生物の生存に適した平均14℃の気温になっています。しかし、現在は、二酸化炭素などの温室効果ガスが増えすぎて、気温が上がり続けています。

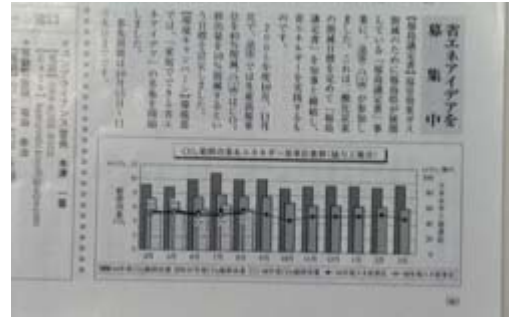
温室効果でもよい気温を保てる状態

地球が温暖化する状態

On the screen, material for “e-learning” conducted for employees in Japan.

Releasing Environmental News

In April 2008, our monthly internal newsletter began to carry our total monthly volume of CO₂ emissions and CO₂ emissions per unit of output of all the domestic production facilities. The aim is to encourage employee attention to the environment through regular information on environmental conservation. Furthermore, our group magazine —“ALPS”— which is distributed to the employees of all Alps group companies began to serialize various kinds of CO₂ reduction ideas adoptable at home. For example, the magazine shows that employees can reduce CO₂ emissions by changing from an incandescent light bulb to a compact fluorescent lamp and resetting air-conditioning and heater temperatures. We also provide our group employees with an “environmental household log” to check their CO₂ emissions from home.



Internal publication carrying total monthly volume of CO₂ emission and per unit of output of all the domestic production facilities



Group magazine “ALPS” introducing CO₂ reduction ideas adoptable at home

Harmony with Nature

ISO 14001 Certification

Domestic Production-based Facilities

Facility	Date of Certification
Soma Plant	August 14, 1998
Kakuda Plant	
Furukawa Plant	October 30, 1998
Wakuya Plant	
Kitahara Plant	
Onahama Plant	November 27, 1998
Taira Plant	
Nagaoka Plant	December 24, 1999

Overseas Production-based Facilities

	Facility	Date of Certification
Ireland	Alps Electric (Ireland) Limited	April 9, 1997
Germany	Alps Electric Europe GmbH, Dortmund Plant	July 3, 2000
Malaysia	Alps Electric (Malaysia) Sdn. Bhd., Jengka Plant	September 12, 2000
Korea	Alps Electric Korea Co., Ltd.	June 18, 2001
Mexico	Alcom Electronicos De Mexico, S.A. de C.V.	December 6, 2001
China	Wuxi Alps Electronics Co., Ltd.	March 20, 2002
China	Dalian Alps Electronics Co., Ltd.	June 14, 2002
Malaysia	Alps Electric (Malaysia) Sdn. Bhd., Nilai Plant	August 12, 2002
Czech Republic	Alps Electric Czech, s.r.o.	January 15, 2003
China	Shanghai Alps Electronics Co., Ltd.	January 6, 2004
China	Ningbo Alps Electronics Co., Ltd.	June 1, 2004
China	Tianjin Alps Electronics Co., Ltd.	December 11, 2004
United Kingdom	Alps Electric (UK) Limited	November 30, 2005
China	Dandong Alps Electronics Co., Ltd.	September 20, 2006

Harmony with Nature

Environmental Accounting

Alps Electric, in accordance with the Ministry of the Environment's guidelines, adopted an environmental accounting(*1) system in fiscal 2000 in order to monitor its environmental costs and associated economic benefits. Total environmental expenditures for fiscal 2008 were less than those of fiscal 2007 due to economic conditions and other factors. Increase in investment is due to booking investment related to BEMS (Building Energy Management System) which was introduced to our new headquarters building. A decrease in economic benefits in fiscal 2008 over fiscal 2007 can be attributed to the reduction of materials for resale resulting from production fluctuation and a sharp fall of the materials market.

(*1) Environmental Accounting: A system used to clarify the costs of activities that are conducted by a company in an effort to protect the environment and to contribute to the creation of a sustainable society.

Environmental Costs in Fiscal 2008 (Coverage: Alps Electric)

Unit: million yen

Category	Main Objective	Investment		Costs	
		'07	'08	'07	'08
Operating costs	Pollution prevention Waste recycle	75.5	413.1	625.8	380.1
Upstream and downstream production costs	Green procurement, Database for Chemical Substance Management	10.0	17.2	160.8	159.3
Administration costs	ISO 14001 certification maintenance	0.0	0.0	169.5	143.1
R&D costs	—	0.0	0.0	20.0	21.3
Social contribution costs	Community cleanup activities	0.2	0.0	11.1	12.4
Environmental restoration costs	Remediation of soil and groundwater	0.0	2.5	143.4	1.7
Other costs	—	0.0	0.0	0.0	0.0
Total		85.7	432.8	1130.7	717.8

(*1) Environmental costs consist of all investments and expenses incurred solely for environmental preservation purposes, and do not include partially-related expenses.

(*2) Investment comprises capital investment and leasing expenses.

(*3) Costs include administrative, maintenance, depreciation, and lease expenses for the current period.

**Economic Benefits from Environmental Preservation
Measures in Fiscal 2008 (Coverage: Alps Electric)**

Unit: million yen

Category	Value	
	'07	'08
Profit on sales of materials	1448.7	951.0
Cost reductions due to energy saving	93.2	110.2
Total	1541.9	1061.2

* Economic benefits include the sale of wastes that have been separated, recycled and recovered, as well as electric, fuel and other cost savings due to energy conservation. Economic benefits do not include deemed benefits.

Harmony with Nature

Environmental Impact

Alps Electric has provided material balance reports since fiscal 2000. Since fiscal 2003, information from off-shore facilities has also been included in these reports. However, data on certain issues from overseas has taken longer to obtain due to some difficulties in the information collection procedure. Total material input and output of off-shore facilities have both increased due to recent production expansion, subsequently contributing more to the material balance of Alps Electric globally. In light of this, we will improve the information collection system of off-shore performance data and utilize the collected data to continue to reduce total environmental impact.

Material Balance of Alps Electric

INPUT

Alps Electric uses green procurement to help eliminate hazardous chemical substances from materials and components on a global basis. The company also promotes energy conservation by creating awareness among employees and adopting the relevant equipment.

Electricity (ten thousand kWh)
Japan 12,042 Overseas 15,246

Fuel (crude-oil equivalent: kl)
Japan 2,709 Overseas 1,566

Mains and industrial water supply (t)
Japan 535,322 Overseas 828,036

Groundwater (t)
Japan 101,205 Overseas 26,469

Electrical & non-mechanical parts (semiconductors, etc.)
Mechanical parts (molded parts, etc.)
Raw materials (metals, plastics, etc.)

Suppliers

We purchase materials and components with low environmental impact by utilizing the Alps Green Procurement System throughout all global locations.

Alps Electric Global

All domestic and overseas production-based facilities have acquired ISO 14001 certification in order to develop and manufacture products with low environmental impact. Each facility is also making efforts to reduce environmental impact through green purchasing, "zero-emissions," and other activities.

Japan (12 facilities)
Furukawa Plant
Wakuya Plant
Kakuda Plant
Nagaoka Plant
Onahama Plant and others

Overseas (14 production-based facilities)
America (1 facility)
Europe (4 facilities)
ASEAN/Korea (3 facilities)
Greater China (6 facilities)

OUTPUT

We are pursuing "zero-emissions" in order to reduce waste output volumes. We are also committed to reducing the volume of chemical substances emitted into the atmosphere and to minimizing CO₂ emissions from our logistics operations.

Products

Electronic components for TVs, computers, printers, cameras, mobile phones, automobiles, etc.

Total discharge of waste (t)
Japan 5,440 Overseas 8,951

Emissions into the atmosphere (t)

	Japan	Overseas
CO ₂	57,422	CO ₂ : 98,489
NO _x	15	Not aggregated
SO _x	9	Not aggregated
VOC	45	Not aggregated

Discharge into waters (t)

	Japan	Off-shore figures have not been aggregated.
	489,967	

Fuel (crude-oil equivalent: kl)
Japan 898 Off-shore figures have not been aggregated.

Logistics

We have introduced modal shifts and similar activities on a global basis to reduce energy consumption in the logistics process.

Emissions into the atmosphere (t)

	Japan	Off-shore figures have not been aggregated.
CO ₂	2,387	

Customers

We strive to reduce the environmental impact of our products, enabling reduction in energy consumption and a longer product life for our customers.

Harmony with Nature

Material Balance (Site Reports)

Material Balance Data by Plant

Major Domestic Business Locations

Major domestic business locations	Electricity (ten thousand kWh)	Fuel (crude-oil equivalent) (kL)	CO ₂ emissions (t)	Water consumption - domestic mains (t)	Waste discharge (t)	VOC emissions into atmosphere (t)
Furukawa Plant	1,919	546	9,507	78,706	1,615	17
Wakuya Plant	1,693	237	7,845	29,947	1,107	12
Kakuda Plant	1,605	429	7,877	52,676	1,139	0
Kitahara Plant	436	17	1,872	11,093	91	0
Nagaoka Plant	3,484	520	16,015	231,673	738	15
Soma Plant	802	158	3,780	22,074	236	2
Onahama Plant	627	55	2,773	27,072	194	4
Taira Plant	622	240	3,243	27,806	149	1
Sendai R&D Center	400	462	2,599	30,782	32	0
Head Office	331	6	1,403	13,611	114	0
Total	11,921	2,672	56,913	525,440	5,415	51

Major Overseas Business Locations

Overseas production bases	Electricity (ten thousand kWh)	Fuel (crude- oil equivalent) (kL)	CO ₂ emissions (t)	Water consumption (t)	Waste discharge (t)
Alps Electric Korea Co., Ltd.	1,543	217	7,055	14,630	891
Alps Electric (Malaysia) Sdn.Bhd.	2,865	256	12,704	327,491	1,467
Dandong Alps Electronics Co., Ltd.	131	67	1,210	26,924	40
Dalian Alps Electronics Co., Ltd.	2,257	104	18,063	64,796	2,285
Tianjin Alps Electronics Co., Ltd.	1,286	50	10,271	83,800	509
Shanghai Alps Electronics Co., Ltd.	617	0	4,860	52,096	29
Wuxi Alps Electronics Co., Ltd.	2,196	44	17,423	164,934	901
Ningbo Alps Electronics Co., Ltd.	901	35	7,189	49,726	322
Alps Electric (Ireland) Limited	523	411	3,766	5,259	540
Alps Electric (UK) Limited	118	95	908	4,859	2
Alps Electric Europe GmbH, Dortmund Plant	364	195	1,882	2,171	427
Alps Electric Czech, s.r.o.	435	53	2,680	11,655	318
Alcom Electronics de Mexico, S.A. de C.V.	2,011	42	10,478	19,695	1,219
Total	15,246	1,569	98,489	828,036	8,951

The GHG protocol's coefficient has been used to convert purchased electricity volumes into CO₂ values.

Data on Substances Subject to PRTR Law

Furukawa Plant

(Tons / Year)

Substance	Volume used	Volume emitted		Volume transferred	
		Air	Water	Sewage	Transferred to subcontractors
Inorganic cyanide compounds	1.2	0.0	0.0	0.0	0.0
Nickel	1.2	0.0	0.0	0.0	0.0
Nickel compounds	0.9	0.0	0.0	0.0	0.0
Silver and its water-soluble compounds	2.1	0.0	0.0	0.0	0.0
Lead and its compounds	2.2	0.0	0.0	0.0	0.0
Xylene	1.2	0.2	0.0	0.0	1.0
Toluene	11.0	2.5	0.0	0.0	8.4

Wakuya Plant

(Tons / Year)

Substance	Volume used	Volume emitted		Volume transferred	
		Air	Water	Sewage	Transferred to subcontractors
Inorganic cyanide compounds	1.7	0.0	0.0	0.0	0.3
Nickel	1.5	0.0	0.0	0.0	0.1
Nickel compounds	0.6	0.0	0.0	0.0	0.1
Silver and its water-soluble compounds	3.2	0.0	0.0	0.0	0.1
Lead and its compounds	1.2	0.0	0.0	0.0	0.0

Nagaoka Plant

(Tons / Year)

Substance	Volume used	Volume emitted		Volume transferred	
		Air	Water	Sewage	Transferred to subcontractors
Toluene	5.8	5.8	0.0	0.0	0.0

Soma Plant**(Tons / Year)**

Substance	Volume used	Volume emitted		Volume transferred	
		Air	Water	Sewage	Transferred to subcontractors
Toluene	0.6	0.2	0.0	0.0	0.4

Onahama Plant**(Tons / Year)**

Substance	Volume used	Volume emitted		Volume transferred	
		Air	Water	Sewage	Transferred to subcontractors
Silver and its water-soluble compounds	1.8	0.0	0.0	0.0	0.0

Taira Plant**(Tons / Year)**

Substance	Volume used	Volume emitted		Volume transferred	
		Air	Water	Sewage	Transferred to subcontractors
Silver and its water-soluble compounds	0.8	0.0	0.0	0.0	0.2

Not applicable to Kakuda Plant, Sendai R&D Center, nor Head Office.


Harmony with Nature

Environmental Plan

Environmental Management

Alps Electric has driven its Fifth Medium-Term Action Plan for Environmental Preservation with specific numeric goals to reduce greenhouse gases and waste, and manage chemical materials. In fiscal 2008 - the final year of the plan - CO₂ emissions from operational bases fell sharply due to fluctuations in production volumes, however, emission per unit of output increased. Other objectives were generally achieved.

We have now established our Sixth Medium-Term Action Plan for Environmental Preservation covering fiscal 2009 through fiscal 2011.

 Target and Results for the Fifth Medium-Term Action Plan for Environmental Preservation (2006 - 2008) / The Sixth Medium-Term Action Plan for Environmental Preservation (2009 - 2011)

↑ Detailed data can be viewed at the end of this document.

Targets and Results for the Fifth Medium-Term Action Plan for Environmental Preservation

Management Develop an appropriate organizational structure to achieve effective environmental management while fostering environmental awareness among all employees

Objectives	Action Targets (FY2006-FY2008)	FY2008 Results	FY2008 Self-evaluation
Environmental management system	Strengthen collaboration with overseas production bases	Established a collection system for environmental performance data of overseas business locations	
Environmental communication	1) Periodical publication of environmental reports	1) Published CSR Report (June, 2008)	
	2) Information distribution via the Internet	2) Distributed information via our website	
Environmental education	1) Promote organized environmental education	1) Conducted e-learning programs and education for new employees and newly-appointed managers	
	2) Promote educational activities related to the home environment	2) Conducted enlightenment activities through in-house magazine, etc.	
Environmental accounting	Further environmental accounting	Aggregated costs and benefits	

Self evaluation :Achieved :Partly achieved :Unachieved

Environmental initiatives through our products Reduce the environmental impact of products through environmentally conscious design and development

Objectives	Action Targets (FY2006-FY2008)	FY2008 Results	FY2008 Self-evaluation
Design for the environment	1) Promote environmentally conscious design and development	1) Established a common process by publishing product assessment regulations	○
	2) Perform LCA trials	2) Identified practical issues and decided policy of LCA expansion (Began to establish internal guidelines complying with LCA guidelines for electronic equipment by JEITA)	○
Reduction of hazardous substances	1) Maintain non-use of banned substances (compliance)	1) Strengthened our in-house management system and revised the Alps Environmentally Hazardous Substance Control Standard to ensure compliance	○
	2) Reduce environmentally hazardous substances	2) Investigated and gained alternative technologies for exempted items	○
Green procurement	Propagate green procurement	Revised and conducted briefings on "Alps Green Procurement System"	○

Self evaluation ○:Achieved ○:Partly achieved △:Unachieved

Environmental initiatives in our plants and offices Reduce the environmental impact of production processes and office operation

Objectives	Action Targets (FY2006-FY2008)	FY2008 Results	FY2008 Self-evaluation
Prevention of global warming	1) Reduce CO2 emissions Reduce FY2010 CO2 emissions from energy consumption per unit of output by 15% of FY2004 level	1) CO2 emission per unit of output: 61.4t/100 million yen 15.9% increase from FY2004 (deterioration) 10.8% increase from FY2007 (deterioration)	△
	2) Reduce greenhouse gas (excluding CO2) emissions Abolish the use of PFCs/HFCs (for production) by the end of FY2010	2) Abolished the use of liquid PFCs/HFCs for production purposes (June 2006)	○
Recycling	1) Maintain and improve "zero-emissions" performance	1) Expanded zero-emissions activity to include domestic production subsidiaries	○
	2) Reduce total waste volumes Reduce total waste per unit of FY2008 output by 15% of FY2004 level	2) Total waste discharge per unit of output: 5.27t/100 million yen 7.0% increase from FY2004 (deterioration) 7.4% increase from FY2007 (deterioration)	△
	3) Reduce paper use Reduce FY2008 paper use by 20% of FY2004 level	3) Quantity of paper used: 74.2t 37.5% reduction from FY2004 (improvement) 9.7% reduction from FY2007 (improvement)	○
Perform appropriate management of chemical substances	1) Proper management of chemical substances Reduce contamination risk by promoting appropriate management of chemical substances at production facilities including overseas locations	1) Assessed emergency risks, installed equipment to prevent leakage, and conducted drills	○
	2) Reduce VOC emission volumes Reduce FY2010 VOC emissions by 30% of FY2000 level	1) VOC emissions : 45t 91.3% reduction from FY2000 (improvement) 68.9% reduction from FY2007 (improvement)	○
Green purchasing	Promote green purchasing for office supplies and company fleet vehicles	Headquarters and divisions used green purchasing for office supplies	○
Logistics	Promote environmentally conscious logistics	Conducted modal shift, reduced packaging waste and improved transportation efficiency	○
Greening	Promote greening campaigns	Facilities carried out tree planting activities	○
Social contribution activities	Promote activities that contribute to the social well-being of local communities	Facilities conducted cleanup activities around their areas	○

Self evaluation ○:Achieved ○:Partly achieved △:Unachieved

Sixth Medium-Term Action Plan for Environmental Preservation (2009 - 2011)

Management Develop an appropriate organizational structure to achieve effective environmental management while fostering environmental awareness among all employees

Action Targets (FY2009-FY2011)	
FY2014 target	In FY2009, examine and establish goals up to FY2014 on necessary items
Environmental management system	Strengthen collaboration and share goals with overseas production bases
Actions for environmental risks	1) Maintain the current system for domestic business locations
	2) Recognize and reduce environmental risks of overseas business locations
Eco-efficiency	Examine and introduce an eco-efficiency indicator
Environmental communication	1) Periodical publication of environmental reports
	2) Information distribution via the Internet
	3) Promote disclosure of environmental information of business locations
Environmental education	1) Promote organized environmental education
	2) Promote educational activities for employee households
	3) Examine and conduct global environmental education
Environmental accounting	Regularize environmental accounting. Expand accounting scope

Environmental initiatives through our products Reduce the environmental impact of products through environmentally conscious design and development

Action Targets (FY2009-FY2011)	
Design for the environment	1) Promote LCA
	2) Examination and trial of an environmental impact efficiency
Reduction of hazardous substances	1) Establish a new management system for chemical substances
	2) Maintain non-use of banned substances
	3) Reduce environmentally hazardous substances
Green procurement	Propagate green procurement

Environmental initiatives in our plants and offices Reduce the environmental impact of production processes and office operation

Action Targets (FY2009-FY2011)	
Prevention of global warming	1) Reduce greenhouse gas emissions Reduce average of greenhouse gas emissions during FY2008 to FY2012 (5 years) by 20% of FY1990 level (Japan)
	2) Reduce CO ₂ emissions Reduce FY2012 CO ₂ emissions from energy consumption per unit of output by 5% of FY2007 level (Japan)
	3) Reduce CO ₂ emissions Reduce CO ₂ emissions, every year, from energy consumption by 1% of the previous fiscal year level (Japan)
	4) Set a goal for energy saving Set an energy saving goal in FY2009 and execute it (global)
	5) Reduce greenhouse gas (excluding CO ₂) emissions Contain greenhouse gas emissions (excluding CO ₂) to FY2007 level (Japan)
Recycling	1) Maintain and improve "zero-emissions" performance Achieve a waste recycling rate of 98% in FY2011(Japan) Set a goal for recycling rate in FY2009 and execute it(global)
	2) Reduce total discharge volumes Reduce total waste per unit of FY2011 output by 3% of FY2007 level (Japan)
	3) Promote an electronic manifest system Promote use of an electronic manifest system (Japan)
	4) Reduce paper use Reduce FY2011 paper use by 8% of FY2007 level (Japan) Set a goal in FY2009 and execute it (global)
	5) Reduce water use Reduce FY2011 water use by 10% of FY2007 level (Japan)
Perform appropriate management of chemical substances	1) Proper management of chemical substances Reduce contamination risk by promoting appropriate management of chemical substances
	2) Reduce VOC emission volumes Reduce FY2010 VOC emissions by 30% of FY2000 level (Japan) Set a VOC reduction goal in FY2009 and execute it (global)
	3) Reduce the Class I Designated Chemical Substances of PRTR Law In FY2009, set a goal for reduction of the Class I Designated Chemical Substances of PRTR Law (Japan, global)
Green purchasing	1) Promote green purchasing for office supplies
	2) Promote green purchasing for company fleet vehicles
Logistics	Promote environmentally conscious logistics
Greening	Promote greening campaigns
Biological diversity	Examine and set a goal in FY2009
Social contribution activities	Promote activities that contribute to the social well-being of local communities

Harmony with Nature

Earth-Friendly Product Design



An increasing diversity of categories used in assessing environmental impact have made it necessary to respond with the appropriate product material and recycling methods. Alps Electric conducts product assessments in an effort geared towards reducing restricted chemical content in our products, preventing global warming by decreasing products' energy consumption, and using resources efficiently by miniaturizing products. We are constantly on the watch for new regulations in an effort to respond as quickly as possible.

Monozukuri with Life Cycle Assessments

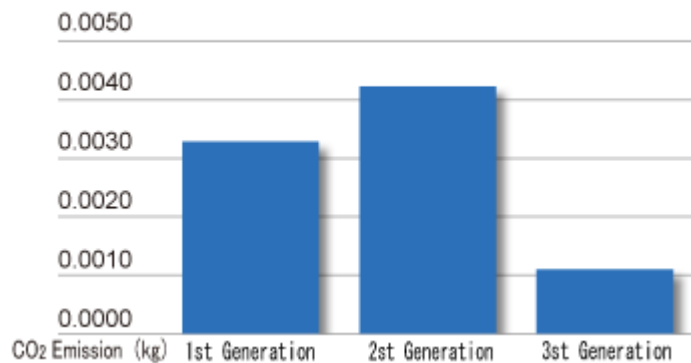
All aspects of product design must also be considered in terms of environmental impact. The different stages of a product's life cycle include procurement of materials and parts, production, transportation and final use. In fiscal 2005, we began Life Cycle Assessments (LCA) for our products to assess(*1) the environmental impact of each product during each stage of its life cycle. We identify items for evaluation over the individual stages of the life cycle, evaluate them, and rate them overall. While currently limiting the assessment scope to covering product materials and our own manufacturing process, we are working on establishing a system that allows us to regularly conduct the assessment.

(*1) Product Assessment: Product assessment is a process that evaluates the environmental impact of a product throughout its development. Effective ways of reducing the impacts are then identified and the production process is appropriately modified.

LCA Comparison between Old and New Models of SMD Type TACT Switch™

Models	1st Generation	2st Generation	3st Generation
Product image			
Mass production start	1987	1991	2009
Weight	0.24g	0.09g	0.0055g

CO₂ Emission Comparison between Old and New Models of TACT Switch™



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. For example, 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.

Compliance with REACH

A new European Union regulation "REACH" came into effect on June 1, 2007. Further to that, the candidate list for the Substances of Very High Concern (SVHC) (*1) -15 substances - was announced by the European Chemicals Agency on October 9, 2008. Alps Electric is complying with these matters, by collecting information regarding laws and regulations and trends of related industries, and by establishing a special organization in the company. Since fiscal 2006, we have been part of the "Joint Article Management Promotion-consortium (JAMP)," which works at creating a system that enables sharing of information on chemical substances contained in products over the entire supply chain, throughout all kinds of domestic industries. Alps Electric contributes to this supply chain initiative by verifying and proposing relative tools and mechanisms from a manufacturer's point of view.



A briefing on REACH regulations at Sendai R&D Center (Miyagi Prefecture)

(*1) Substances of Very High Concern: Chemicals considered to be of very high concern are determined by the European Chemicals Agency and are defined as carcinogens or highly accumulative chemicals that are hazardous to humans.

Promotion of Green Procurement

We use Green Procurement to provide our customers with safer and environmentally friendly products. Suppliers with proven management systems supply Alps Electric with materials and parts that contain no hazardous substances. We deploy our *Green Procurement Standard* to suppliers to follow, and conduct the following two evaluations: an "Environmental Corporate Evaluation" - our evaluation of the supplier's efforts towards environmental conservation - and a "Materials Evaluation" - for assuring that substances specifically prohibited by Alps Electric are not present in raw material and parts. We have also created the Alps Green Procurement System which allows worldwide access to our "Environmental Corporate Evaluation" and "Materials Evaluation" through the Internet.



Global deployment of our *Green Procurement Standard* in Japanese, English and Chinese

Earth-Friendly Logistics

In cooperation with Alps Logistics, a core company of the Alps Group, we are pursuing “earth-friendly logistics.” We have for example, reduced the amount of waste generated in shipping by switching to returnable/reusable containers and by discontinuing the use of wrapping film originally to prevent stacked loads from toppling over. By standardizing shipment packaging and consistently reviewing transportation routes we have also been able to reduce transportation costs. We have also adopted a “modal shift,” where we have begun to use Japan Railways freight containers in transportation, leading to reduced truck shipments and a significant decrease in CO₂ emissions. Furthermore, we have created “10 Eco-drive Rules” that are now standard operation during driving in order to lessen the environmental impacts from our vehicles.



Using returnable and reusable containers



Container used in our “modal shift”

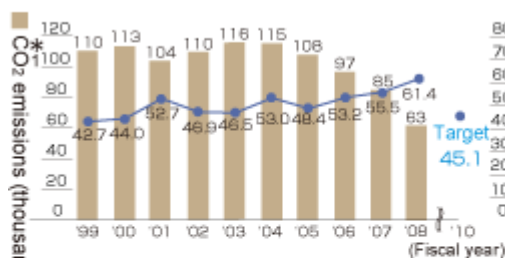
Harmony with Nature

Preventing Global Warming

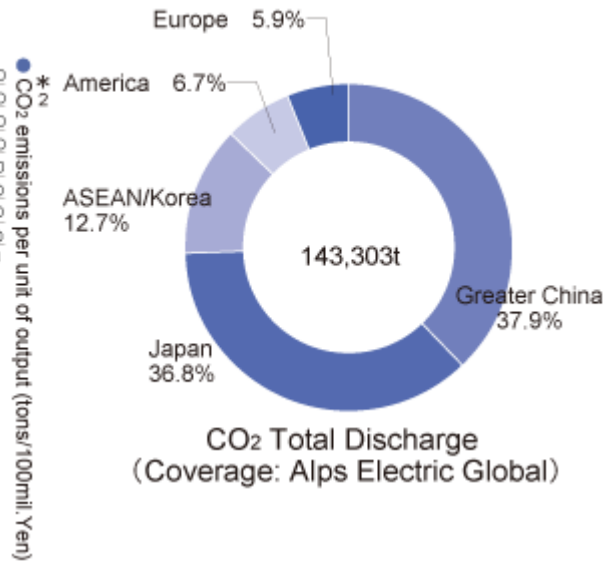
By fiscal 2010, Alps Electric aims to reduce CO₂ emissions levels per unit of output by 15% of fiscal 2004 levels. In attempting to reach this target, we have been making improvements in hardware by adopting highly efficient devices, switching to energy-saving machinery, and removing inefficient generators. 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 63,471 tons in fiscal 2008, 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.



Initiatives at Bases

Nagaoka Plant

Nagaoka Plant (Nigata Prefecture) used to generate some of its own electricity. However, due to the change of needs for power quality and suppression of CO2 emissions, they abolished the generators and switched to purchasing electricity. They also switched the cooling water pump for manufacturing equipment to one with an inverter, for more efficient use of electricity.



Quality Assurance
Department 1,
HMI Business Unit

Toru Kobayashi

I have been involved in energy-saving initiatives for more than 10 years through my job in facility management at the Nagaoka Plant. In 2003, manufacturing department members joined the initiatives, and each member has been working hard in energy-saving initiatives such as converting an oil-fired heat source to a super-high efficient chiller, and changing RF power units to more efficient types. However, energy-saving initiatives must be regularly reviewed and improved. Our initiatives began when we carefully observed our own equipment and systems and questioned their movements and settings. Through close observation, we noticed surplus or wasteful movements in their operation, which allowed us to save energy by improving on them. I would like to contribute to preventing global warming through saving energy using such methods.

Onahama and Taira Plants

Onahama and Taira Plants were selected for the Supreme Award in the businesses category of the “Fukushima Protocol” which is part of Fukushima Prefecture’s anti-global warming measures. The “Fukushima Protocol” was begun in 2006 to award educational institutions such as schools which made efforts to prevent global warming. In 2008, they changed the system to also encourage corporations to participate in the initiative. These two plants conducted a “mini-eco action” campaign in conjunction with our subsidiary, Nishiki Electronics Co., Ltd. While achieving reduction of CO₂ emission by 40% of fiscal 2005 levels by improving manufacturing process and so forth, they raised employee awareness for CO₂ emission reduction through conducting “energy patrols” and an “eco-drive” seminar which resulted in taking the prize.



Senior Manager of Quality Assurance Department 2 of Onahama Plant, receiving the Supreme Award from the Prefectural Governor

Kakuda Plant

Kakuda Plant (Miyagi Prefecture) used to lease equipment to generate its own supplement power supply to the plant. However, due to surging oil prices - the fuel type used for the generator - and seeing as the lease was nearing its end, they switched to purchasing electricity from an electric power supply company. In May 2008, they began to operate an extra-high voltage substation. Using the extra-high voltage substation instead of the low efficiency generator has allowed a higher voltage supply to the plant and a reduction in energy loss during its transmission. This has resulted in a CO₂ emissions reduction. Further to that, a stable power supply and cost reduction has also become possible.



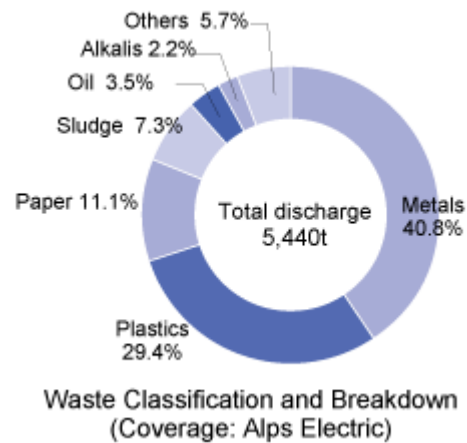
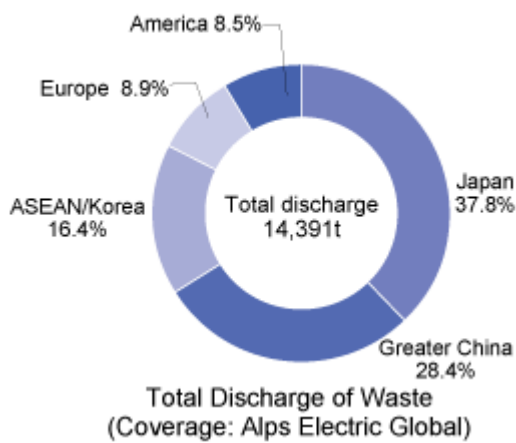
Extra-high voltage substation newly operated

Harmony with Nature

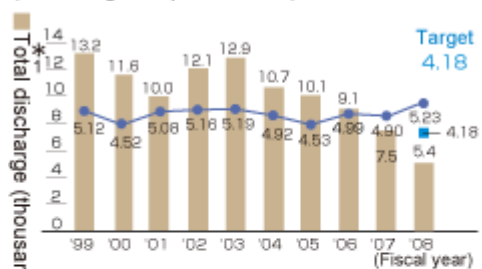
Reducing Waste

Since fiscal 2001, Alps Electric has implemented a “zero-emissions(*1) initiative,” which is aimed at recycling all wastes from offices and production plants. This target was successfully achieved by the end of fiscal 2004 throughout all domestic divisions. In the Fifth Medium-Term Action Plan for Environmental Preservation, we aimed at reducing fiscal 2008 levels of actual volume of waste discharged per unit of output by 15% of fiscal 2004 levels. We succeeded in reducing overall waste discharge, however, per unit of output results deteriorated due to production value fluctuation. We had also targeted a reduction in quantity of paper used by 20% of fiscal 2004 levels by the end of fiscal 2008, for which we realized a 37% reduction.

(*1) Zero-emission: 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.

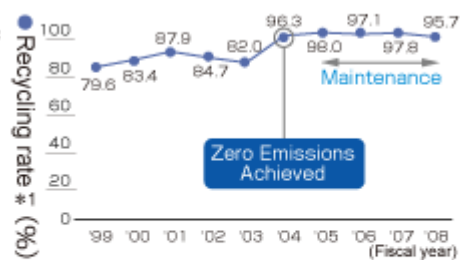


Total Waste Discharge (Coverage: Alps Electric)



*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.

Recycling Rates (Coverage: Alps Electric)



*1 Recycling Rate: Recycled quantity over total waste discharge.
 *The remaining 4.3% for fiscal 2008 that is excluded from zero emissions was mostly general waste, including sludge from septic tanks.

Initiatives at Bases

Soma Plant

On October 21, 2008, the Soma Plant was awarded the Chairman's Prize for distinguished service in promotion of the 3Rs (reduce, reuse, and recycle) in the 2008 Reduce, Reuse, and Recycle (3Rs) Promotion Awards, which are hosted by the 3R Promotion Council.

The Soma Plant was recognized for its continued 3R initiatives, originality, and contribution to the local community. In 1998, the Soma Plant began its initiatives to improve its recycling rate and total waste discharge reduction. In fiscal 2008, it achieved a recycling rate of 99.7% and reduced waste discharge by 84% of fiscal 1998 levels. The total discharge amount was 236 tons.

In efforts to improve recycling rate, waste collection boxes were installed in each work place under the slogan of "separation produces resources, mixing causes garbage". The waste disposal terminal, as a result of evolution towards a recyclable resources storeroom, was transformed into an "eco-station" in March 2000. Today that results in 81 kinds of separation including non-industrial, industrial and special management industrial wastes. Furthermore, they are making compost out of waste by mixing shredded waste and papers from the plant with horse manure.



Soma Plant's Manufacturing Department Senior Manager (concurrently the Plant's environmental management representative) and employees of related companies, represent the Division in receiving the award



HMI Business Unit
Quality Assurance
Department 1

Masaaki Tateishi

In the Soma Plant zero-emission initiative, instead of only the secretariat taking the active role in the promotion, we asked for the cooperation of the entire plant in the initiative with the understanding of the general affairs section which actually controls waste separation. To promote this initiative, we obtained the understanding of the staff in charge of waste disposal in each department on the waste separation standards and so forth.

I, as a member of the secretariat, am so happy to receive an award this time, especially for being recognized for our continuous initiatives and their effects. We aim to enhance this initiative from our workplace to our employees, and then from our employees to their families and community, as a way of contributing to society.

Tianjin Alps Electronics

Tianjin Alps Electronics is implementing an initiative to reduce waste by separating effluent produced in the painting process into water and solids through filtering.

This initiative resulted in reducing the monthly effluent level of 3 tons, which was disposed through outsourcing, to 1.3 tons. Separated water is reused in the painting process.

Wakuya Plant

Wakuya Plant (Miyagi Prefecture) introduced a distillation apparatus to recycle effluent containing acetone, an organic solvent used for cleaning in the printing process. This contributed to recycling and reusing 8,400 liters of acetone within the process, out of the annual volume of 21,600 liters which used to be outsourced for recycling. There was added gain in energy conservation from not having to transport the waste off-site. They are considering introduction of more distillation apparatus.



The distillation apparatus for recycling acetone effluent.

Harmony with Nature

Environmental Risks

Our environmental management system is used in formulating emergency response procedures in order to minimize pollution risks that go with industrial accidents and natural disasters. Risk maps for each plant have been prepared to address pollution risk due to chemicals. Facilities and workplaces that handle chemical substances have been clearly identified and recorded, along with previous crises.

Discharge Control and Appropriate Use of Chemical Substances

Alps Electric regulates appropriate use of chemical substances in products and processes with the Alps Environmentally Hazardous Substance Control Standard.

We have ceased using certain solvents and have improved chemical management to control emissions of VOC's(*1) into the atmosphere. As a result of these initiatives, we saw a 91% reduction in VOC emissions in fiscal 2008 against our target of reducing them by 30% of fiscal 2000 levels by fiscal 2010.

(*1) VOC: Volatile Organic Compounds are organic compounds that easily vaporize into the atmosphere at normal temperatures under normal atmospheric pressure. They are used, for example, in paints and for cleaning parts. It is known that once discharged into the atmosphere, and exposed to sunlight, they undergo a chemical transformation where hazardous substances are generated.

PRTR Substance Survey Results (Coverage: Alps Electric)

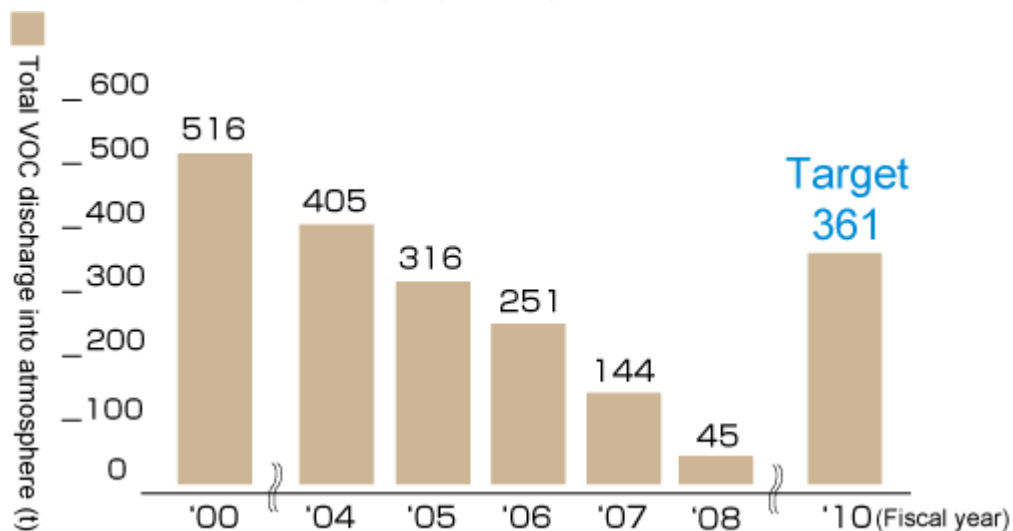
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Substance	Volume Used		Volume Emitted				Volume Transferred				
			Air		Water		Sewage		Transferred to Subcontractors		
	'07	'08	'07	'08	'07	'08	'07	'08	'07	'08	
Inorganic cyanide compounds	6.1	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.3
Nickel	5.1	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Nickel compounds	4.9	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.1
Silver and its water-soluble compounds	10.5	8.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3
Lead and its compounds	5.1	3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2
Ethylene glycol	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7	0.0
Xylene	0.6	1.3	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.5	1.0
Toluene	12.9	17.5	4.8	8.6	0.0	0.0	0.0	0.0	0.0	7.9	8.9

* The above data covers domestic production subsidiaries.

* PRTR Law: The Pollutant Release and Transfer Register Law was established in 1999 in Japan to encourage business entities to voluntarily manage chemical substances by quantifying volumes of emissions released into the environment. Business entities are required to submit an emissions report of specified chemical substances, which is used by the central government to publish overall emissions levels.

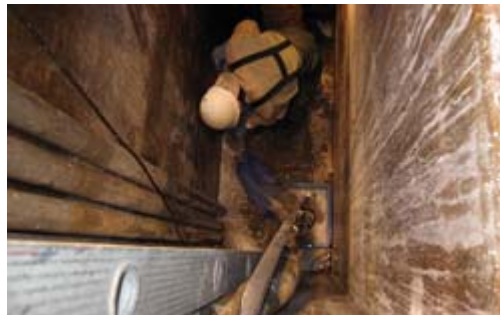
Total VOC Emissions (Coverage: Alps Electric)



Countermeasures for Environmental Risk

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

“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.



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

Soil and Groundwater Purification

In 1999, soil and groundwater pollution caused by organochloride compounds was identified in four of our domestic plants. In replacement of the traditional method of cleansing—water pumping and aeration, we have been using anaerobic bioremediation since fiscal 2003 for the constant cleansing of the soil and groundwater. Anaerobic bioremediation works by injecting nutritional supplement directly into the groundwater to cultivate microorganisms that in turn decompose pollutants. This method has gradually decreased compound volumes and all our plants have now completed their soil and groundwater rehabilitation. We will continue to monitor the sites closely for confirmation.



A device used in the past at Wakuya Plant (Miyagi Prefecture) to inject nutritional supplement into groundwater

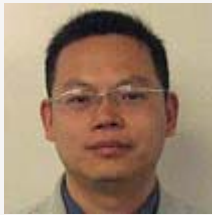
Initiatives at Bases

Wuxi Alps Electronics

Beginning from 2007, Wuxi Alps Electronics (China) purifies water effluent from the plating process to a drinkable level, a level set by the government, and discharges it into the sewage system. The discharge data is monitored 24 hours around the clock and is also transmitted to the Environmental Center of Wuxi City through an online system. Some of the purified effluent is also used for raising goldfish on the site.



Wastewater discharge online system and raising goldfish with purified effluent.



Manufacturing Department
1,
Wuxi Alps Electronics

Xiaofeng Sha

I work on wastewater discharge management in the plating process. Since Wuxi Alps handles poisonous and deleterious substances for gold or silver plating used for switch and connector contacts, wastewater discharge management is a very important job. Wuxi City, located in the Taihu Lake basin, which is a spot famous for its scenic beauty, is designated as an environmental model area. I am proud to be a member of a corporation in such an area, working on wastewater discharge management. I would like to contribute to protecting beautiful Taihu Lake.

Alps Electric Europe, Dortmund Plant

The Dortmund Plant (Germany) conducts a biannual internal audit called the BUS Audit. BUS stands for Brandshutz (fire prevention), Umwelt (environment), and Sicherheit (safety). Their audit is based on regulations concerning fire extinguishers, dangerous substances management, reducing risks to the natural environment, and reducing risk to employees in emergencies such as fires and work accidents.

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
General Manager
MMP Business Unit
Yozo Yasuoka

Partnership with Customers

Improving Product Quality

Before our products land into the hands of the end user, they are incorporated into the products of assembly manufacturers - our direct customers - where they are given important roles in the functions of the end products of those independent makers. In order to supply the "art of electronics" and services that satisfy our customers and the end user, every Alps employee is working to improve the quality of our products. In addition, we diligently anticipate customer needs and work on developing and evaluating technologies and products that we foresee as being potentially required by the customer.

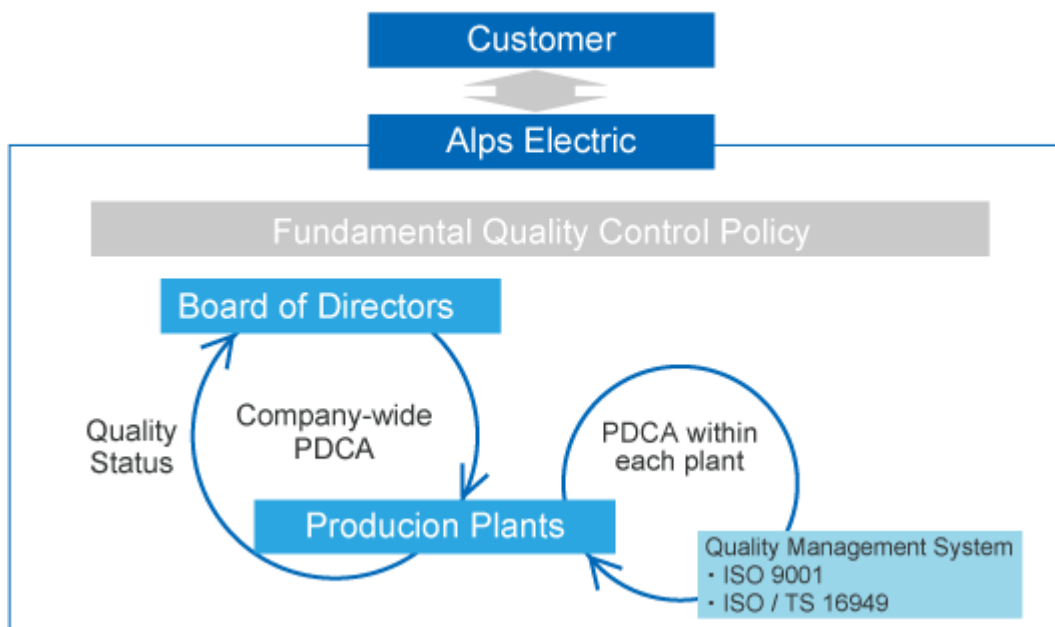
Quality Control Policy

Our quality management systems initiate quality improvements through our company-wide Fundamental Quality Control Policy and additional individual policies held at each production plant. In order to facilitate improvements in global quality performance, individual performance and quality issues are shared not only within the relative plants, but are also reported regularly to the Board of Directors chaired by the President.

■ Fundamental Quality Control Policy

Alps Electric guarantees a standard of excellence in all its products and services, satisfying customer needs.

■ Quality Control System



Quality Management System

International standards for quality management systems are essential for business as they ascertain that all departments contribute to customer satisfaction through elements of quality assurance. Every Alps Electric production plant (including overseas) had been certified ISO 9001 compliant by fiscal 2005. Furthermore, plants producing automotive-related products have also been certified ISO/TS 16949 compliant. Our efforts toward further improving our quality management systems are never ending.

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, since this concept was not enough to completely meet customer needs, it sometimes caused problems invisible on the inspections even though the 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 employees



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

Partnership with Customers

Improving Customer Satisfaction

Our customers are either assembly manufacturers who deliver final products to consumers, or are the manufacturers of parts that are required for assembling these final consumer products. In order to satisfy our customers' demands, we must closely observe consumer and market needs, and always be prepared for the future products and technologies customers may demand.

Our global sales personnel believe we can contribute to customers' business scenarios by communicating with them directly and therefore enabling us to make suggestions regarding products and technologies from a customer perspective. By realizing this concept, we aim to contribute to society through our customers' products.

Ways to Improve Customer Satisfaction

To anticipate customer needs in technology or certain product areas, Alps Electric's sales departments create "product roadmaps" of trends and characteristics for each major market and propose research, plans, designs, and development of products to meet market demands. Providing customers with their desired solutions and newly developed products in a timely manner is one of the key roles we have. Furthermore, we hold a quarterly "Global Sales & Marketing Conference" to cascade the objectives and policies of sales departments and assess their



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

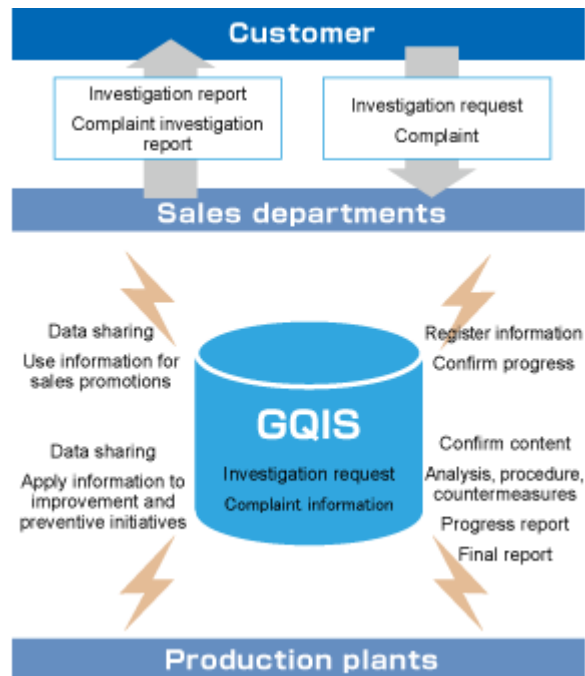
execution and progress, and to confirm new issues. Representatives of each sales base from around the world meet to confirm and review business scenarios and progress for development of products that satisfy customer needs and market demands.

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 manufacturing departments, and customer satisfaction ratings on a global basis.

Column:

Operation of the Global Quality Information System (GQIS)

Customer claims, complaints or investigation requests regarding our products are valued information for designing a better product. At Alps Electric, we have configured a uniform management system called "GQIS" to manage investigation requests and complaints from our customers. When requests for investigation and complaints are received, they are entered into the GQIS by sales personnel, and then shared with domestic and overseas production bases to respond accordingly. The information entered can be examined closely by managers and relevant personnel at any time in order to monitor the progress of a prompt response. We also utilize the information for future sales promotion and quality improvements by analyzing trends in the information.



Employee Training to Heighten Customer Satisfaction

Our sales departments host training and education programs for sales personnel, giving them the skills and ability to accurately meet customer needs. In order to advance them to the sales front lines as quickly as possible, well-experienced employees provide new recruits with individual training that focuses on fundamentals.

"Sales University", where experienced employees provide lectures, is held regularly to increase their knowledge base in a wide range of fields such as product information, market trends, overseas trade management, chemical substance regulations and supply chains. We also host educational and practical training programs on subjects such as procured parts, metal molds and quality function deployment (QFD) for better understanding of the structure of each product. Furthermore, young to mid-level personnel are rotated through technical, production planning, and purchasing departments in order to nurture a wide range of experience and knowledge.



Sales Policy Briefing Session

Briefing sessions on policies are held semi-annually. We also dispatch personnel to our sales branches and offices to give similar briefings.



"Sales University"

In our own "Sales University" program, experienced employees give lectures on various sales-related subjects such as the latest product information, technology, metal molding, quality, overseas trading, and environmental measures. Personnel from sales branches and offices also join the lectures through our teleconferencing system.

Partnership with Customers

Mutual Development with Suppliers

Cooperation with suppliers is an essential element in meeting customer needs in aspects such as quality assurance, timely delivery, price, environmental conservation, and corporate social responsibility. Based on our own Purchasing Approach and Purchasing Policies, we work at strengthening partnerships with our suppliers and fulfilling our responsibilities in the supply chain.

■ Purchasing Approach

With underlying sincerity and whilst maintaining fairness and integrity, our purchasing procedures uphold relationships of confidence, cooperation and mutual trust with suppliers.

Purchasing Policies

- 1. Compliance with Legislative and Social Standards**
Adherence to the legislative and social standards (in areas such as human rights, labor, health, safety and the natural environment) apparent in countries and regions of operation.
 - 2. Green Procurement**
Maintenance of sufficient management systems that enable procurement of environmentally friendly materials that contribute to energy and resource conservation, and do not contain hazardous substances.
 - 3. Stable Availability**
Identification of potential risks in order to provide a stable supply route in terms of quality, lead times, price and environmental factors.
 - 4. Continual Improvement**
Nurturing continual improvement in quality, lead times, price and technological aspects.
 - 5. Valuing Partnerships**
Creation of win-win relationships by utilizing mutual strengths.
 - 6. Utilizing Information Technology**
Increasing operations efficiency and reducing lead times and mutual risk by sharing information using information technology.
-

Promotion of Green Procurement

We use Green Procurement to provide our customers with safer and environmentally friendly products. Suppliers with proven management systems supply Alps Electric with materials and parts that contain no hazardous substances. We deploy our *Green Procurement Standard* to suppliers to follow, and conduct the following two evaluations: an “Environmental Corporate Evaluation” - our evaluation of the supplier's efforts towards environmental conservation - and a “Materials Evaluation” - for assuring that substances specifically prohibited by Alps Electric are not present in raw material and parts. We have also created the Alps Green Procurement System which allows worldwide access to our “Environmental Corporate Evaluation” and “Materials Evaluation” through the Internet.



Global deployment of our *Green Procurement Standard* in Japanese, English and Chinese

Communication with Suppliers

To achieve a high standard of excellence, we must first form long-term relationships, which are based on trust, 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.



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

In April 2008, each base presented its business policies to our main suppliers. When needed, we also hosted symposiums to exchange information on new products and technologies. These activities are not restricted to Japan only. We also hosted Business Partner Meetings for the Asia/ASEAN and European regions to reinforce the relationships with our suppliers there too.

Reducing Total Inventory

In collaboration with suppliers who have a long-term partnership with us, we operate an Internet-based order management system dubbed “ODDESY,” – On-Demand Delivery System. ODDESY allows both parties to share timely market demand information thus enabling a reduction in total inventory as we are in a position to react quicker to movements in the market. Currently, ODDESY serves not only bases in Japan, but also bases in Korea, China (Tianjin, Dalian and Shenzhen), Malaysia, and USA.

Partnership with Customers

Contributing to Industry

We believe that competition and cooperation between various corporations provides motivation for improvements and is the key to the industry's growth, as well as development of society. Alps Electric partners with assembly manufacturers - our customers - and suppliers to create first-class electronic components that contribute to an increased value in customer end-products and end user satisfaction. We also participate in various industry-wide organizations and academic forums to address issues of mutual concern. We aim for mutual growth together with the entire industry.

CSR in the Supply Chain

There is a current need in the electronics industry to progress with CSR not only as individual corporations, but throughout the entire supply chain of suppliers and partners. However, as approaches to CSR differed between companies, many found it difficult communicating and formulating a common understanding. This is what drove JEITA (*1) to publish the *Supply Chain CSR Deployment Guidebook* which includes a common check sheet that can be used by companies in the electronics industry. Alps Electric was also a member of the working group that compiled the guideline, which has contributed to building a mutual understanding between companies in issues commonly involved in CSR such as fair trade, the environment, product quality, human rights and employee safety.



CSR Guidebook Tutorial (left), and Check Sheets (right)

(*1) **JEITA (Japan Electronics and Information Technology Industries Association)**: An industry organization seeking overall growth in the electronics and information technology industry.

Innovation and Passing Down Technology

As an Executive Board Member of JEITA, Alps Electric sits on the Policy and Strategy Board, the Electronic Components Board, the Environment Committee, and the Technical Standardization Committee. We participate in finding solutions for industry-wide issues and establishing standards. We also participate in the Information Platform Promotion Council for Electronic Information (IPPC), and the Green IT Promotion Council. Here we collaborate in maintaining information exchange within the industry and measures for preventing further global warming through using IT electronics technology. Besides, we are involved in technological innovation and the passing down of technical knowledge by participating in approximately 200 external organizations and committees, including the Communications and Information Network Association of Japan (CIAJ), and Japan Auto Parts Industries Association (JAPIA).

Winning Silver Prize at QES Annual Conference

At the 16th QES (Quality Engineering Society) Annual Conference held in June 2008, we were awarded the "Quality Engineering Paper Prize" silver prize. This prize is awarded for excellent papers in Quality Engineering. This time, one gold and three silver prize winners were selected out of 37 papers printed in issues of the bulletin in 2007. The title of our prize-winning paper was "System Design Optimization using Quality Engineering - Magnetic Sensing System Optimization." Our paper was highly evaluated for having practiced optimization by looking at the entire system, as recommended in Quality Engineering, and to have demonstrated effectiveness of Quality Engineering. The key factor for our success was to have devised a solution by replacing the complicated and time-consuming simulation with a formula that can actually be calculated.



Winning the "Quality Engineering Paper Prize" silver prize at the 16th QES Annual Conference



Engineering Department
2,
MMP Business Unit

**Yukimitsu
Yamada**

The reason why we turned to Quality Engineering was because we had no idea on how to approach the new subject of "Magnetic Sensing System Optimization." Since Quality Engineering had never been used before, we had felt somewhat suspicious about it. However, the more we came to know about the efficient development technique peculiar to Quality Engineering, the better we understood that it was a good method for a subject strongly related to a system that includes physics, electricity and software. This method and idea can be applied to development of other magnetic sensor modules and effectively utilized for launch of mass production in a short period of time. We would like to adopt this method and the idea behind it for more products with highly systematic elements in the future

Participation in "Soso Gijuku"

Alps Electric's Soma Plant (Fukushima Prefecture) has been involved in "Soso Gijuku" which is sponsored by the Soso Development Bureau of Fukushima Prefecture. This "Soso Gijuku" promotes an industrial human resources development program through collaboration between academic, business and government circles in the Soma and Futaba regions of Fukushima Prefecture. Alps Electric's Soma Plant was selected as host to provide an opportunity for participants to observe high-speed/high-density mounting technology. On June 20, 2008, forty-one participants from sixteen companies visited the Soma Plant. They took part in a highly productive tour of our manufacturing lines and machinery getting to see such cutting edge technology as a high-speed mounting machine and a high-density mounting machine. They concluded with a lively Q&A session.



Participants observing high-density mounting machines and manufacturing lines

Partnership with Customers

Contributing to Society

With the Alps Philosophy as a foundation, we have formulated policies and guidelines that help us make a positive contribution to society.

These policies contribute to realizing sustainable development together with society, and comprise five main areas of activity: protection of the environment, social welfare, disaster-relief, regional contribution, and support in education, sport, the arts and culture. Seeking social and environmental harmony as a crew member of “Spaceship Earth”, we endeavor to make positive contributions to society through our business activity and the actions of each individual employee.

Our guidelines state that the activities we promote need to be sustainable, gain consent and understanding from employees, be relevant to Alps' *mottainai* and *monozukuri* concepts, contribute to nurturing our human resources, and satisfy the expectations of society as a whole.

Environmental Preservation Activities

In addition to caring for the environment through our corporate activities, environmental conservation and preservation require our company to nurture responsible behavior and instill environmental awareness into all employees. While continuing business based on our Environmental Charter, we also promote various ways for our employees to conduct similar environmental activity in the home and in their local community.

Major Activity in Fiscal 2008

Recycling Cell-Phone Batteries and Plastic Bags

In June 2008, China introduced legislation restricting the use of plastic bags out of concern for the environment and to help reduce energy consumption. Disposable cell-phone batteries, as consumers were not disposing of them through the correct channels, were also causing concern for their contribution to environmental damage.

Due to these backgrounds, the Wuxi Alps Labor Union (Wuxi City, China), cosponsored a one month program starting from August 1, 2008, with a local movie theatre, a communications related enterprise and a

cell-phone manufacturer, for recycling plastic bags and disposable cell-phone batteries. The program called for consumers to bring in their plastic bags and used cell-phone batteries to the theatre in exchange for eco-friendly reusable shopping bags and a chance to win movie tickets and other prizes. Wuxi Alps contributed by donating the movie tickets and reusable shopping bags it had made. As a result of effective publicity, 1800 plastic bags and almost 2000 disposable batteries were turned in for disposal.



As a result of effective publicity, 1800 plastic bags and almost 2000 disposable batteries were turned in for disposal.



Manufacturing Department
4,
Wuxi Alps Electronics

Jianguo Chen

We organized this program in the belief that we must contribute to preserving the natural environment in Wuxi City. As a result of an effective publicity campaign, more consumers than we expected came to support the program resulting in it being a rounding success. One of the key factors for our success was that many people, including the theatre, supported the entire program from planning to execution. We hope to continue the activities that contribute to local communities.

Award Presented for Community Clean-up Activities

At the ceremony of July 15, 2008 to commemorate the founding of Wakuya Town (Miyagi Prefecture), the workers association in Alps Electric's Wakuya Plant was presented with an award of appreciation for longstanding contributions to community clean-up activities by the Mayor of Wakuya Town. Local Alps employees have been involved in clean-up activities around the plant for more than 10 years. We will continue with such activities that also contribute to positive relations with local residents.



The Certificate presented by the Mayor of Wakuya Town

Social Welfare and Disaster-relief Activities

Different societies have different values, so before we can create an open society in which everyone can freely express individual beliefs, we have to first acknowledge differences and show respect towards one another. Alps doesn't end at just providing financial or material support, but conducts interactive activity that leads to healthy spirits and mentality. Additionally, as a member of the international community, we also provide disaster-relief to stricken areas.

Major Activity in Fiscal 2008

Donations for Areas Affected by the Sichuan Earthquake in China

On May 12, 2008, an enormous earthquake struck Sichuan Province in China. In the following month, as the Alps Group has 15 bases in China, we donated relief for the affected areas through the Japanese Red Cross Society under the belief that we, as a corporate group, bore a moral obligation to do something to assist the people in the affected areas. The donations, consisting of contributions from individual employees and from the company itself, were taken up by the company in collaboration with the workers association. The donations are being used to assist aid efforts in the region, purchase relief supplies, and support the reconstruction efforts.



The Director General, Organizational Development Department, Administration Sector of the Japanese Red Cross Society (right) being presented with a check by the then Senior Manager of Human Resources Department and the representative of Alps Workers Association

Contribution to the Local Community

Alps Electric grew as a corporation alongside local communities and close bonds have developed between us. Therefore we feel that maintaining an open line of communication with residents in the community is very important. As a corporate citizen, Alps Electric strives to invigorate local communities and build strong relationships through events unique to each community.

Major Activity in Fiscal 2008

Interaction with Local Communities

Domestic business locations annually hold summer festivals which are open to local communities. In fiscal 2008, each festival attracted more than 5000 visitors who came to enjoy Bon-odori dancing, concerts, refreshments and fireworks displays. In the festival hosted by Furukawa Plant (Miyagi Prefecture), a breakdancing performance was given by students from Furukawa Kogyo High School, and at Soma Plant (Fukushima Prefecture), thanks to local radio advertisements, 8500 people attended that festival. Summer festivals are precious opportunities through which we promote our interaction with local communities.



Summer festival hosted by Wakuya Plant where approximately 6000 people gathered (August 3, 2008)

Award Presented for Contribution to City Development

During the October 1, 2008 ceremony to commemorate the 50th anniversary of the establishment of Kakuda City (Miyagi Prefecture), Alps Electric's Kakuda Plant was presented with an award of appreciation for contributions to development of the city. Kakuda Plant has cosponsored summer festivals and fireworks displays with the city for many years. Employees are annually involved in various pro-community activities such as clean-up activities around the plant and blood donations. In addition, Kakuda Plant provides free handiwork classes for Kakuda City children and parents, and provides factory tours for junior and senior high school students in the city. It also takes in interns. The award was made in appreciation of these activities.



The Mayor of Kakuda City presents the Certificate of Appreciation to Kakuda Plant's Senior Manager of Manufacturing Department 3

Support for Educational Activities

Our company begins with *monozukuri*. Passing down the beauty of *monozukuri* and related business activity to the next generation is an important social responsibility for a manufacturer. We believe that it will lead to evolution of the electronics industry and to a sustainable development of society. We use the catch phrase "Contributing to society through *monozukuri*," and incorporate *monozukuri* into all of what we do.

Major Activity in Fiscal 2008

Dispatch of Lecturers to Universities

We dispatch a number of employees to lecture at universities as a corporate contribution towards human resource development. The employees lecture on how R&D should be ideally conducted. One example is within the curriculum for "Research Management Theory" at the Iwate University Graduate School, where we have lectured since 2004 and have used case studies to illustrate advanced development practices conducted by Alps Electric. Similarly, we also lectured at Kagawa University in January 2008 and at Chitose Institute of Science and Technology in June 2008. An employee in his second year at Alps Electric and a postgraduate of Kagawa University Graduate School conducted part of the lecture at Kagawa University. This approach to getting students familiar with corporate R&D was appreciated by everyone. We also hope to increase the number of universities we provide lectures for into the future.



Lecturing on the subject of "on-site research and development" at Chitose Institute of Science and Technology

Human Resources Development Support for Iwate University Graduate School

For three years from fiscal 2005, Alps Electric 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 responded to a request from Iwate University, Graduate School of Engineering to "improve practical workability in education" by establishing a metal mold production course at the university level. In September 2007, we presented the school with our original mold training textbooks. Thereafter, our past and present employees, as guest professors of the Faculty of Engineering, Iwate University, are providing lectures on Quality Engineering (QE).



Presenting textbooks to the Faculty of Engineering, Iwate University

What is the “Tripartite Consortium of Academic, Business, and Government Circles?”

The “Tripartite Consortium of Academic, Business, and Government Circles” is an association of local corporations and universities working to strengthen the foundations of local communities through technology and human resource development. In technology development, we joined the “Innovation of Regional Monozukuri” initiative, promoted by the Ministry of Economy Trade and Industry. Since fiscal 2006, our collaboration has included Iwate University, Yamagata University, Yamagata Research Institute of Technology and 20 local enterprises. Alps leads the group in “Development of Production Technology for Sophisticated Materials and Components for Next-Generation Intelligent Home Appliances and Automobiles.” Based on our digital manufacturing (DM) know-how, we are creating a system that reduces lead times between development stages of a product and mass production. In human resource development, our Technical Master Training Center is engaged in the “Core Production Personnel Development Project” to develop a training system for molds and tooling. Alps Electric and Iwate University have established an interdependent relationship where we provide lecturers for their quality engineering course and they in turn verify training systems developed by our Technical Master Training Center.

Internship program

We organize an internship program to give students real-world experience. The basis of our internship is to contribute to society by developing engineer capability and producing graduates with a high level of expertise. The main focus is to provide a place for university and technical college students to fulfill their course requirements, which in turn stimulates our own workplace, forms networks with the schools, provides motivation for our own employees, and helps to develop potential and valuable human resources for the company.



Interns from China learning on site

Our goal is to encourage students to always think about how they can apply what they learn to real-world situations. For this reason we inform universities and colleges of internship program content in advance so that the school can select students interested in the practical training offered. As we take in interns, students from technical colleges train for two weeks and university and post-graduate students train for three weeks, or even up to five months. In fiscal 2008, we hosted a total of forty-eight interns, including eighteen from technical college and fourteen from university and graduate school.

We do not see internships as a simple work experience one gets before venturing into the real world. We aim to build a program that allows interns to develop the troubleshooting skills necessary for *monozukuri*, leaving them with a sense of personal accomplishment at the end of the program.

Technical Master Training Center

The Technical Master Training Center was founded as a way to apply an organized approach of passing down expertise. The Center is designed to strengthen production systems at plants in China and other overseas locations, and to improve the skills of engineers in cooperative companies. Since the Center was founded in 1999, it has provided not only Alps employees, but employees from cooperative companies too with opportunities to develop on-site skills and company self-reliance in mold and tooling technology.



Trainees acquiring skills from an expert

Furthermore, in its pursuit of passing down technical mastery to production bases in China and other locations, the Center has so far completed training for a total of 129 overseas trainees.

During the three to six-month mold and tooling technical training program, besides specific skills and knowledge of molds, trainees also acquire Alps Electric's monozukuri concept. On-site lodgings are provided to all trainees, and regardless of nationality, all begin the day with morning exercises followed by a three-minute speech in Japanese. The day ends with writing a "Training Report" in Japanese too. Even for Japanese people, technical subjects are difficult to express in writing, but with practice and support from the Center's staff, overseas trainees can prepare the report in gradually improving Japanese.

We are taking in overseas trainees based in our belief towards business development - "Consistency in Alps Electric's products no matter where in the world they are made." To maintain the trust of Alps Electric's products, we must share the same technology with our overseas plants. In particular, our core technology - molds and tooling - is essential. The Technical Master Training Center plays a very important role in creating the foundation needed to maintain technological capability of the entire Alps Group.

Support for the Arts and Sport

As a member of society, we also support art, sport and cultural activities to enrich all our lives. We contribute to the building of an affluent society by enriching people's lives through individual activities and widening the wave of exchange. Through these activities we enhance communication with our stakeholders and are building the basis for a respectable company that aims at harmonizing and coexisting with society.

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.



Director

Deputy General Manager
Administration Headquarters

Junichi Umehara

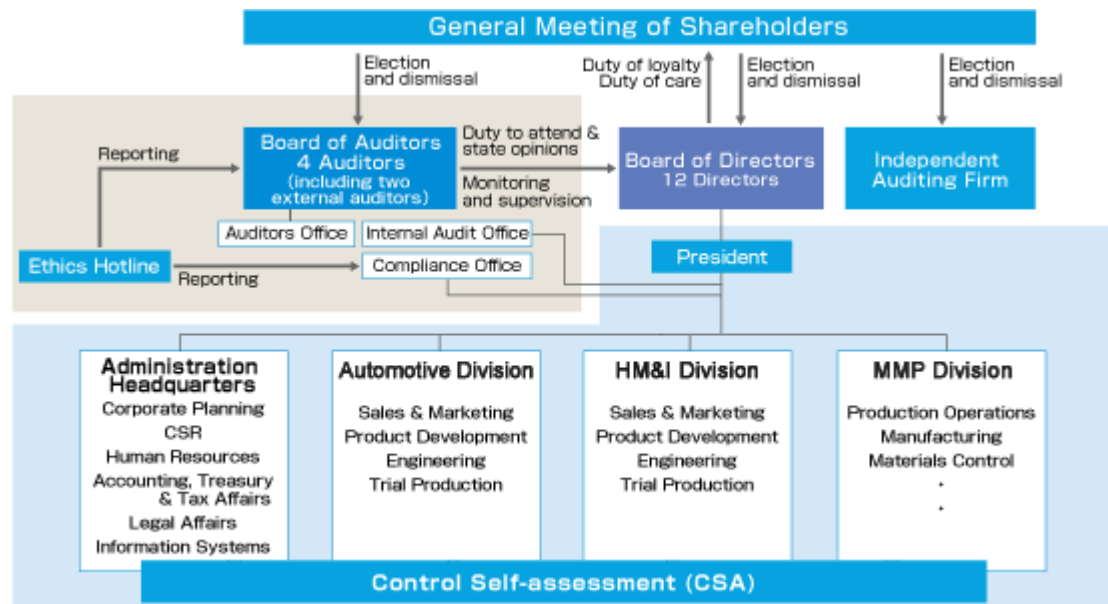
Fair Management

Corporate Governance

Alps Electric defines corporate governance as “the design and operation of a governing framework that delivers sound, efficient and transparent management by motivating top management to display appropriate and efficient decision-making and business execution, and prompt reporting of outcomes to stakeholders in order to increase corporate value.” Based on these principles, Alps seeks to develop and strengthen its corporate governance by ensuring sound and efficient management.

Corporate Governance Promotion Structure

Alps Electric incorporates a corporate auditor system to develop and enhance corporate governance. Before the Board of Directors deliberates and reports on issues, matters go through the Compliance Office and Legal Department for legal examination and the Corporate Accounting Department for financial assessment, therefore promoting sound and efficient corporate processes.

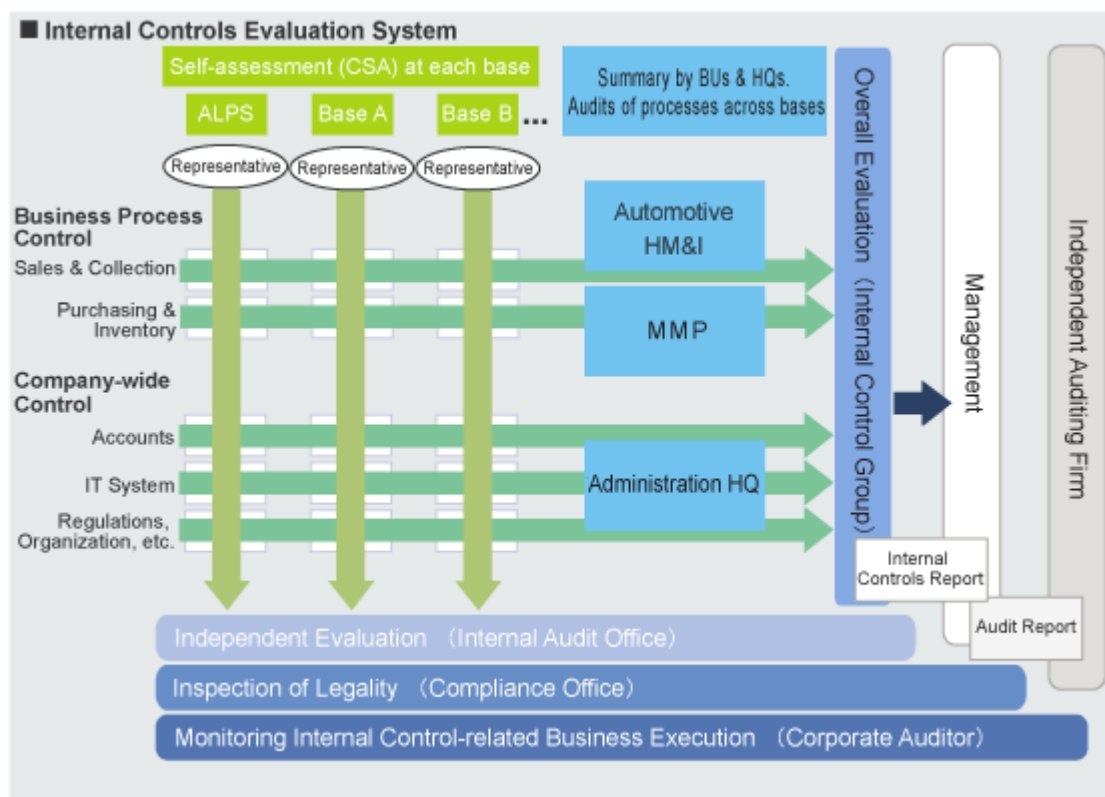


Corporate Governance Structure

Developing the Internal Control System

In fiscal 2008, “internal controls over financial reporting” came into effect in line with the Financial Instruments and Exchange Law. Internal controls are to inspect in-house systems to prevent dishonesty, fraudulence, and inaccuracies occurring within a company. In October 2006, Alps Electric began initiatives to establish company-wide internal controls.

The slogan is “making risks, rules and processes visible.” We have made manuals for work procedures and established various regulations for reducing risks and making them visible throughout all business processes, including sales and purchasing. In order for these initiatives to take root throughout actual places of work, working groups have been created by process. 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, on an annual basis, on the progress and operating conditions of their internal controls. Their supervising departments and the Internal Audit Office then conduct general evaluations and judge whether or not the company-wide system is functioning effectively. Furthermore, each department audits its own business processes from a consolidated management perspective, and improves them when necessary. In this way 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.



Fair Management

Compliance

“Acting fairly and legally” is a core principal within Alps Electric’s Business Approach, which is apparent in our Group Compliance Charter, illustrating our Fundamental Compliance Philosophy and Action Guidelines. This Charter was established in fiscal 2003, adopted globally, and is available to employees in Japanese, Chinese and English.

Alps Electric Headquarters’ Compliance Office and compliance officers assigned to seven global locations collaborate in promoting and enforcing compliance. Pressing activity involves establishing effective internal reporting systems for the China, ASEAN, and European regions.

Alps Group Compliance Charter

Fundamental Philosophy

As a member of the global community, Alps is committed to displaying fairness in its corporate activities, as well as to taking responsible and sensible action, in order that Alps may continue to develop with society while making a valuable social contribution.

Action Guidelines

1. Alps will abide by laws and ordinances that govern its business and will ensure sensible behavior to avoid involvement in antisocial acts.
2. Alps will respect foreign cultures and customs and will contribute to local community development.
3. Alps will aim for maximum product safety and quality while engaging in fair trade and competition with other companies and maintaining strong ties with authorities.
4. Alps will disclose information fairly to shareholders and other stakeholders.
5. Alps will provide a safe and user-friendly workplace and will respect the character and individuality of employees.
6. Alps will endeavor to manage and use company assets, including goods, money and information, in a suitable manner without displaying behavior that could be of disadvantage to the company.



Global Compliance Structure

Employee Compliance Training

In order to act fairly, one must be able to acknowledge whether his or her actions are appropriate for compliance with laws and regulations. Our compliance training is well planned to raise employee awareness in actual work situations.

In specific, besides the regular group training sessions, we pay attention to providing "e-learning training" courses based on our original curriculum. In addition to the "Elementary-level compliance e-learning" conducted in fiscal 2007, we provided "Intermediate-level compliance e-learning" courses in fiscal 2008, for mid-level employees, people who will be management in the future. In fiscal 2009, we are planning to provide for our sales staff e-learning courses on Anti-monopoly Laws, laws which can pose a high risk particularly for the nature of their business.


1-1 企業コンプライアンスが求められる背景

「あの会社、本当に大丈夫か？ルール守れるのか？」

違法・不正が起きないよう、社員に行動指針や倫理観を示して日々取り組んでいくことが重要

さらに昨今では自己責任よりも広い『企業の社会的責任(=CSR)』という観点で会社は見られています。

「社会的責任」には、「違法・不正な行為はしない」というコンプライアンスの側面と、「社会に積極的に貢献する」という社会貢献の側面が含まれています。




2-3 インサイダー取引行為

X(男・46歳)は、株式会社A社の営業マネージャーである。

とある東京本社で行われた会議の帰り、Xは新幹線の車内で株式市況をチェックしていたところ、相場全体は上昇したのに対し、A社の株価は少し下げて取引を終えていた。

そこで、Xは子供の入学金を捻出するという事情もあつて今のうちに売って利益を確保しようと考え、保有するA社の株式3000株を携帯のwebサイトから翌日の取引開始直後に全株を売却する注文予約を出しておいた。



An extract of material used for educating employees in Japan about compliance.

Publicizing of Compliance News

Alps Electric dispenses reports concerning outside cases of violation of laws and regulations in a timely manner, to raise employee' awareness of the importance of compliance in daily business. In fiscal 2008, 13 news reports were released. Instead of simply reporting about the cases, we suggest measures the subjects should have taken to avoid violation, how our internal regulations cover areas similar to those in the cases, and we also point out the potential risks in our own company. The news is released through the intranet bulletin board or shared by e-mail.

第 82 号 2009 年 2 月 3 日発行

ALPS Compliance News

**下請法違反の自主申告
～悪水が益に流れることも～**

昨年 12 月に発行したコンプライアンス・ニュース第 80 号に続いて、今回は下請法関係のテーマで最近の状況をご紹介します。

Key Point 下請法
下請事業者の不当な取引を防止することによって下請事業者の利益を保護し、公正な取引を促進しようという法律、いわゆる下請法イコールを指します。

■ 下請法違反の自主申告
近所市役所長(女)が昨年 12 月 17 日付で「下請法違反行為を自覚的に申し出て下請事業者の取扱いについて」と題するプレスリリースを発行しました。これは下請法の趣旨に関する重要なポイントとも考えられるので、その要旨は、下請法違反の申し出事業者が、①当該案件に対して自発的な申し出をした場合、②当該事業者による不当な取引を回避するための必要な措置を講じていると認められるときは、③罰金や損害賠償を請求しないという点にあります。対象となる違反行為は下請法で禁止されている報酬、買いたたき、偽品、個人情報などです。

■ 悪水が益に流れる？
下請法違反行為の自主申告は、その趣旨に自主申告しようが下請事業者の利益を侵害する結果をもたらすが、違反の事実が広く知られるわけでは有りません。しかし他方で、一定の要件の下では罰金以上の利益に自発的に申し出た事業者に対しては罰金を科さないという点、実質的には下請法違反を平然とするもので、裏に悪水が流れることにもなります。これは当該事業者に自発的な自主申告を促すことにより下請事業者の利益の早期回復につながることを期待したもので、結果的には今後守るべき違反行為といえることができます。

■ 当社における下請法違反の発生リスク
発注の場においては、特に (3) 発注者の立場で購買部門

中央経理部門での下請法違反の事例が報告されていますので、他業に下請法違反の事例が起きることは標準的に行うと見られます。しかし、東証上場企業などが行うものから、コストダウンや業績悪化などを目的とした下請法違反の事例も増えています。ルールを知らずに行ってしまう下請法違反が起きるということがあります。これは決して起こりたくない事態です。

■ 万一下請法に違反してしまったら
皆さんが業務を行う過程において何かのきっかけで下請法に違反するおそれのある行為を発生させた場合は、速やかに対応の方向性を示して、事態の悪化を防止して下さい。その際には (1) 発注者や当該取引先との話し合いも有効です。その結果、下請法違反の発生がなかったことが確認された場合は、上記の自主申告の運用ルールに基づいて当該下請事業者の平均的な損害賠償額をとり、当該自主申告に申し出るようにして下さい。人間ですから、誤りに気づくことも中にはないと思います。問題は、誤りを犯したときにそれを隠蔽してしまうことです。悪事を隠して誤りを繰り返すことが弊害です。

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E-mail: 804.kom@alpscorp.jp

Compliance News on the intranet

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 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.



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

Fair Management

Risk Management

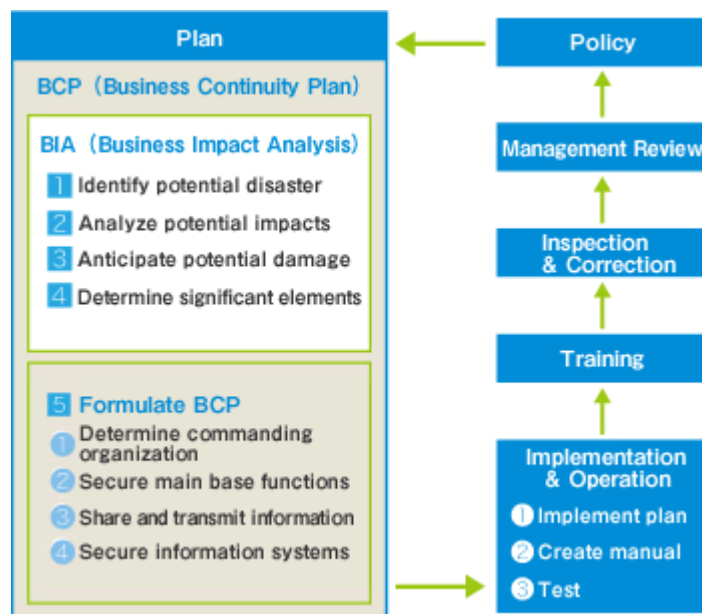
At Alps Electric, the CSR Department leads in advancing risk management throughout the company. The department decides how to deal with disasters such as earthquakes and fires, and also plans preventive measures against outbreaks of new types of influenza for instance. In furthering these initiatives, the department also draws up Business Continuity Plans (BCP) and provides guidance to facilities in creating Crisis Management Manuals according to situational risks apparent at each location. These initiatives help to form Alps Electric's company-wide and comprehensive risk management system.

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 evaluated regularly and adjusted accordingly.

In fiscal 2007 an experimental BCP was drawn up for a group of products with particular risks. Currently, based on the effectiveness gauged, we are developing BCPs for other groups of products with the aim of ultimately formulating a common basic BCP policy for the entire company.



Business Continuity Management (BCM)

Earthquake Measures

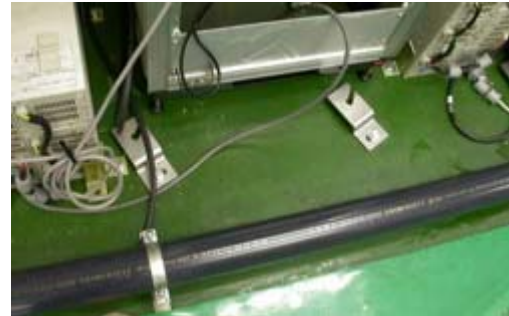
Over the years Alps Electric facilities have experienced large-scale earthquakes of intensities between six and seven on the Japanese seismic scale, such as the Miyagi-Oki (November 2002), Miyagi Sanriku-Minami (May 2003), Niigata Chuetsu (October 2004), and Niigata Chuetsu-Oki (July 2007) earthquakes.

Learning from the quakes, all domestic manufacturing bases revise their Crisis Management Manuals after each incident, and improve damage-preventing measures such as fixing heavy equipment to floors and attaching belts to shelves to prevent items from falling off. Production was interrupted for ten days after the 2004 Niigata Chuetsu earthquake, but the above measures have now reduced this period to a mere one day as displayed after the Niigata Chuetsu-Oki quake in 2007.

Alps will continue to work on establishing even more effective recovery and preventative plans into the future.



Preventing items from falling off shaking shelves by attaching belts



Using metal clasps to fix equipment to the floor

Measures for New Types of Influenza

In fiscal 2004, we began to examine measures for dealing with new types of influenza. In fiscal 2007, education for acquiring the basic knowledge to properly understand the new types of influenza was conducted for employees. In fiscal 2008, we established the “Action Plan for New Types of Influenza”, a plan which clarifies the system and specific actions for regular situations and for emergencies involving new types of influenza. We deployed the plan company-wide as part of our Crisis Management Manuals, thereby advancing our measures a little more.

We will continue working on improving the plan to make it more substantial for securing business continuity and the safety of our employees.



“Action Plan for New Types of Influenza”



Materials used for employee education

Fair Management

Information Security

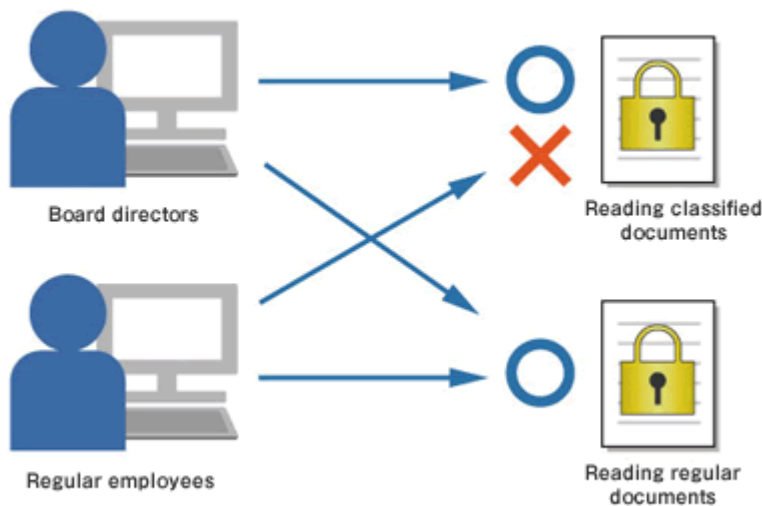
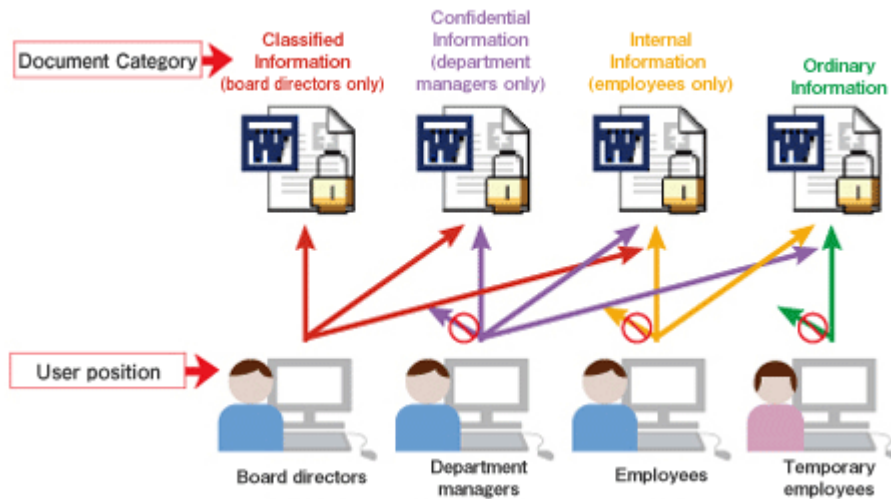
At Alps Electric, the Information Systems Department leads in developing the foundations of information security through which the company eliminates network problems such as loss, leakage and alteration of information which may lead to the weakening of the company's business base. This information security also allows the company to operate safe information networks and systems. The Information Systems Department, in conjunction with other departments, establishes relative regulations and proposes training plans for information security, and is committed to working with information officers from all departments to implement security measures company-wide.

Efforts to Ensure Information Security

Alps Electric deployed, in fiscal 2008, the information system regulation, as one of the security measures, to domestic and overseas business sites. In this process, our "Network Security Policy" existing at the time, which focused on network security, was reviewed, and for safer security of the overall information system, the "Information Security Policy" was established in its place. For a deeper understanding of information security, we enlightened all domestic employees through in-house e-learning courses.

We pay particular attention to preventing leakage of information. Software called "Document Security" which encrypts documents and prevents confidential or important information from leaking to external bodies has been successfully introduced to all our business sites worldwide in fiscal 2008, and we are continuously improving how this software is used in overseas affiliates.

Alps Electric will continue to maintain and improve its global management regarding measures in information security.



Encrypting documents and limiting users

Security System for the New Headquarters

In 2008, when we constructed our new headquarters building, we adopted a security system that uses IC cards to handle various kinds of potential risks in the office, for the sake of protecting our company property including people, materials, information and assets. For crime prevention purposes, an IC card system controls who may pass through gates and enter/exit offices that handle confidential information. We also post security guards and have installed mechanical surveillance systems such as surveillance cameras and human detection sensors in and around the



Security system adopting IC cards

building. By adopting this kind of security system, Alps Electric is making the best possible efforts to provide a sense of security and trust for its business partners and to create a safer working environment for its employees.

We have installed a secure printing system in the office which reduces risk of information leaks resulting from illegal access to information, failure to retrieve documents from printers and so forth. IC cards are used to show records of documents that have been printed.

Besides active security measures, we also conduct passive security measures including e-learning programs for all our employees, to improve their morals and ethics. We will continue to reinforce our security.

Protecting Personal Information

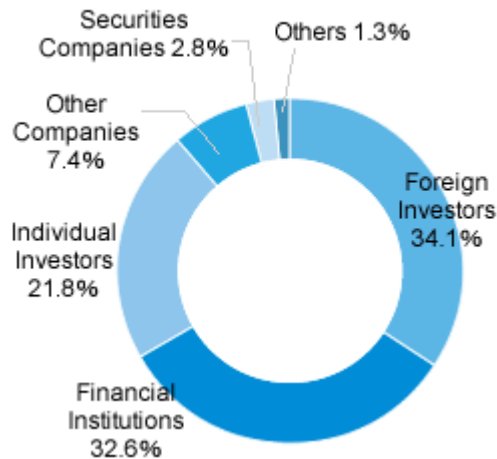
Alps Electric recognizes the importance of protecting personal information and has established structures for implementing, maintaining and improving personal information management. For example, we have created regulations for the protection of personal information and also provide regular training for employees to raise awareness of the associated risks. Information management officers appointed to departments assist in information security measures and the appropriate handling of personal information. Alps Electric is committed to preventing loss, leakage, alteration, destruction, and illegal access of the personal information of its employees.

Fair Management

For Stockholders and Investors

Alps Electric is committed to accurate and fair information disclosure to our stockholders and investors in an appropriate and timely manner to generate trust and understanding. Alps Electric accounts to stockholders, investors, and other stakeholders, and fosters interactive communication through various opportunities such as our annual stockholders meeting and business result briefings.

Ownership by Type of Investor



Major Stockholders

Japan Trustee Services Bank, Ltd. (Trust account)	6.85%
The Master Trust Bank of Japan, Ltd. (Trust account)	6.70%
Japan Trustee Services Bank, Ltd. (Trust account, 4G)	4.34%
Mitsui Sumitomo Insurance Co., Ltd.	2.30%
Toshiba Corporation	2.24%

*As of March 31, 2009

Fair Information Disclosure

Alps Electric, in accordance with laws and regulations, accurately discloses information such as our financial and business results as required. We post disclosed information immediately onto our website, which also regularly displays a wide range of other news and information concerning new products and business initiatives. We have been clearly explaining our business results and new products and technologies to our stockholders through the *Alps Report* which is sent out four times a year. We have also improved the *Alps Report* based on the results taken from questionnaires executed in 2007 concerning article contents and layout.



The top page of "Investor Relations"



Report for stockholders—"Alps Report"

Communicating with Stockholders and Investors

Alps Electric values opportunities to interact with stockholders, investors, and the media as a means of bettering their understanding of Alps. At the annual stockholders meeting, Alps gives a clear and concise presentation of business issues, displays key products and also hosts a social function to allow personal interaction with stockholders. An online voting system was begun in fiscal 2007 to make voting more convenient for stockholders, and the meeting was also held a slightly earlier date to enable more stockholders to attend. In addition, Alps holds briefings on business results with institutional investors and financial analysts twice a year. Alps also visits overseas institutional investors biannually to give similar briefings.



Business results briefing for institutional investors, financial analysts, and the press

Briefings for Stockholders and Investors

For a deeper understanding of Alps Electric, we arranged for opportunities to hold direct talks with our stockholders and investors.

Along with our private show, “ALPS SHOW 2008”, held on September 25 and 26, 2008, we conducted briefings for our individual stockholders. In the briefings, the director in charge explained about the business environment, financial results, and so forth, and followed up with Qs and As. The participants commented, “It helped us by giving us a better understanding of the company”. The briefings for



The director in charge, explaining the business environment to individual stockholders.

investors attended by about 60 people were also held on the 25th. The opportunity to gather valuable opinion from investors about the company was truly significant.



CSR Department

Naoki Yokoyama

The first briefings for individual stockholders were a success. I believe that those who attended got to understand us better, and it was a very important opportunity for both, us and the stockholders, to talk with each other. We would like to continue providing similar opportunities in the future.

Dividend Policy

Alps Electric's profit dividends are based on the consolidated performance of the electronic components business, and are used for,

- (1) passing on profits to stockholders,
- (2) investing in equipment, research and development for future business expansion and to strengthen competitiveness; and
- (3) retaining a share of profits within the company.

A balanced dividend allocation is determined on the basis of these three elements.

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.



Deputy General Manager
Administration Headquarters

Hitoshi Tsuzuki

Respect for the Individual

Utilizing Human Resources Globally

Energetic companies develop from respect for the individual and by fostering environments in which employees can work together with passion for what they do. Since our foundation, the Alps Electric philosophy "believing in people" has been very special to us. While showing consideration for differences in culture and customs, we take measures to improve working environments over the entire Alps Electric Global.



Human Resources System

Our employee system is based upon "Respect for the Individual" from our Business Approach, and follows principles in 'self-improvement,' 'respecting human qualities,' and 'developing an elite workforce.' For example, our system of job qualifications offers numerous courses, enabling Alps to map each individual's suitability, capability, and willingness for specific jobs.

Alps Electric makes sure that employees understand required performances at different stages of their careers. This is the basis for all training, development and evaluation. Employees perform their jobs once they establish goals specific to their duties and skills.

We also have two main tools used for developing human resources; Self-Assessments, which relate to mid-term career design, and, Goal Management, which consists of skill-based annual goal setting. We provide various types of training and support so employees can follow careers based on what they have designed using the above tools.

Employees are evaluated and rewarded in relation to the goals set during Goal Management as we place emphasis on actual performance rather than just potential ability.

These systems provide an environment where each employee can take on higher-leveled tasks and learn from each other, which in turn fosters independence and individuals who can work as professionals in today's marketplace. The outcome is an 'elite workforce,' one of the principles in Alps Electric's employee system.

Putting International Talent to Best Use

As businesses are globalizing, opportunities for qualified individuals are expanding all over the world. Alps Electric develops and utilizes human resources from a global perspective, looking at employees from both Japan and overseas affiliates.

One way in which we work on globalizing our human resources is through the Alps Work Experience Program, which brings employees from overseas affiliates to Japan in order to develop future executives for overseas affiliates. Others are our International Associates Program (IAP) and internship programs that recruit recent university graduates to Japan from overseas. Through these activities, Alps Electric works on developing an environment which allows it to become a more rewarding company for employees anywhere in the world.

Alps Work Experience Program

In October 2006, Alps Electric launched the Alps Work Experience Program with the aim of nurturing the next-generation of managerial personnel. This program is part of our global human resources development program for future executives of overseas affiliates. Management level employees of overseas affiliates are eligible for the program. Program participants work in Japan for two years, where they learn about “Alps-ism”—the unique corporate culture of Alps Electric that is essential for future corporate leaders. By the end of 2008, a total of twenty-one program participants had either taken part in and completed the program or were continuing with it.

Global Human Resource Management and Development—IAP

The International Associates Program (IAP) employs new graduates from overseas. As businesses are globalizing, the IAP aims to ensure availability of a variety of human resources and to strengthen our corporate structure. 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. Today, a total of fourteen participants from the Czech Republic, Germany, North America, Ireland and Malaysia are working in Japan.

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.



Human Resources Group,
Human Resources
Department

Andrea Schuldt

After graduating from college in England and graduate school in Japan, I joined Alps Electric on the IAP in 2008. I applied for the IAP because my ambition is to build a post-graduate school career for myself as a valuable member of society through my work in Japan.

I am currently assigned to the Human Resources Department in the capacity of providing support for the IAP participants, including me, on personnel issues. I am mainly involved in recruiting, education, planning for development and operation of the IAP.

Through the work, I believe that Alps Electric's corporate culture and philosophy as well as its business strategy need to be shared at the global level for strengthening our sense of unity under globally competitive environments. At the same time, the global competency of the employee has to be improved. This will in turn bring strong global competency to the entire company.

As a member of the Human Resources Department, I would like to contribute to sharing the Alps Electric corporate culture and philosophy globally by strengthening the cooperation and networks existing among global employees.

Respect for the Individual

Education and Training

Alps Electric provides employees with education and training programs in order to assist in developing individuality and potential. In addition to training that is specific to task, position and echelon (new recruits, middle management, and executives), we also provide partial rebates for correspondence courses and other incentives for individuals to develop skills of their choice.

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. As part of such opportunities, since fiscal 2007, groups of predominantly female employees have been visiting affiliates in China for study tours.

The study groups outlined issues prevalent within their respective workplaces before visiting China. After returning to Japan, they prepared individual and group reports that summarized benefits gained from the tours and made presentations in front of employees at their respective and related workplaces. The results will be used to facilitate further opportunities for the participants themselves, as well as operational reviews at each of their workplaces.



Observing active participation of employees in the workplace



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

IAP Japanese Language Training

Alps Electric provides Japanese lessons of many sorts to foreign employees who are taking part in the International Associates Program (IAP). The company's headquarters leads a program where IAP participants receive Japanese language classes for the first five weeks after arriving in Japan and for another two weeks in May and September the year after arrival, totaling three standard group courses. IAP participants may also be provided with correspondence courses and additional language training while working within their respective departments. The program has proven to be a great success in the Japanese Language Proficiency Test.



Learning Japanese by devising methods such as discussions and presentations

Manufacture Training in China

Every year since fiscal 2003, Alps Electric has run a program where new recruits from Japan go to China for a month-long training course in manufacture. In addition to the training in manufacture, the new recruits are also taken to local events and are given opportunities to interact with local college students, enabling them to come back to Japan with a greater sense of the global environment.



New recruits (in orange) receive practical training on the production lines alongside local workers

Career Development Seminars

Each employee must remember the importance of building a lifelong career, as a focused employee is an enthusiastic employee. From fiscal 2004, biannual career development seminars geared towards employees in their early 30s have been held by Alps Electric.

The seminars encourage employees to re-look at, and plan, the directions their careers are taking. Better grips on individual careers are made through lectures, drills, and discussions. We also provide career counseling for individuals, and draw upon past candidates of the program for career models.

The feed back from participants is very positive, and consecutive seminars are proving to be very popular. In following, Alps will now arrange for seminars designed to serve a wider range of age groups.



An outside instructor encouraging career awareness

Respect for the Individual

Employee Communication

As modern-day environments change with immense speed it essential that various tools for universal and real-time information exchange are available for employees to use in the workplace. Furthermore, Alps Electric's global nature requires that employees from diverse backgrounds respect each other's cultures and customs, while feeling a sense of unity under a "one Alps" ethos. Alps is committed to creating events and tools that develop information and cultural exchanges which foster this sense of unity among employees.

Promoting Face-to-Face Communication

As businesses are globalizing, more rapid decision-making is required for our customers around the world, overseas affiliates, and Alps Electric's sales, engineering, and development departments. However, our head office had been plagued by a variety of problems which included a shortage of teleconferencing terminals which are essential for remote communication; low function and quality of teleconferencing systems; a shortage of employees skilled in using teleconferencing systems; and teleconferencing systems that were incompatible between business locations.



Mobile teleconferencing system operable regardless of location

In 2008, when we rebuilt our head office building, our aim was to develop a competitive workplace. Under the keywords "Communication" and "Speed," we reformed our teleconferencing system, improving it to allow 40 business locations around the world to be connected simultaneously. The sound and picture quality have also been improved, and reference materials and the image of conference speakers on both sides can be transmitted or received smoothly. Furthermore, as the new teleconferencing system allows for easy booking and handling, more employees have been taking advantage of the new system.

Teleconferencing is indispensable to us, and as such we have been promoting information sharing and rapid decision-making through interactive face-to-face communication.

Alps will continue to pursue productivity improvements, while placing value on face-to face communication.

Enhancing Communication Tools

Since April 2007, we have published an in-house magazine called “Feel One Spirit – ALPS,” which is used as a communication tool for employees throughout the Alps Group.

We had previously produced the magazine mainly covering Alps Electric and Alpine Electronics, but with the expansion of the Alps Group, we needed to develop a greater sense of unity covering the Group in its entirety. In response, we have enhanced the magazine to include content from each of the three core companies of the Group – Alps Electric, Alpine Electronics, and Alps Logistics, and their respective affiliates. It is the Group employees that plan, write, and edit the content, keeping with the publication’s tradition as a magazine for employees, by employees. Alps Electric Global also has an additional tool for fostering unity between employees. It is an intranet site called the Alps Global Community, created in November 2005. Some articles concerning products and technology, business activities in Japan, and overseas affiliate developments from the above Group magazine are translated into English and posted on the site for all to see.



Alps Global Community's top page



Group Magazine “ALPS”

Respect for the Individual

A Safe and Healthy Workplace

Each employee should be inspired to exercise his or her talents at work. To realize this ideal, Alps Electric is dedicated to developing effective programs and environments that are mentally and physically safe and healthy to work in.

Occupational Health and Safety

Alps Electric believes that a rewarding workplace is one where employees can work in a safe and healthy environment. A major corporate management objective at Alps is to ensure the health and safety of all people working at our locations.

As specific measures in building safe and comfortable environments, we patrol workplaces looking for any potential health or safety hazards that need correcting, and train employees on how to give first-aid treatment in emergency situations.

Local police also provide traffic safety training for our employees as we urge them to commit themselves to safe and defensive driving to prevent accidents from occurring on the road.

Today, society is giving more attention to mental health issues. To ensure that workers' mental health care needs are met, Alps Electric's health management staff, which includes corporate physicians, nurses and counselors, promotes preventative measures to keep employees mentally healthy. Alps Electric is committed to supporting employees by constantly improving working conditions and providing counseling any time they desire.

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. The program gives tailored support to each returning employee and guidelines for working hours, job types, regular follow-up care and so forth.



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

Assuring A Safe Workplace by Installation of AED

In Alps Electric's domestic business locations, AEDs (Automated External Defibrillators) have been gradually installed for emergency use. The AED is a life-saving device that can be operated by anybody. However, the AED is not enough. When somebody collapses, it is difficult for people around to remain calm. Therefore, training on a regular basis and a basic understanding of the AED are crucial. As part of health and safety activities, Alps Electric continuously conducts training seminars on AED handling and provides employees with opportunities to experience first aid measures including not only how to use an AED but how to call an ambulance and to perform cardiopulmonary resuscitation (CPR).

Through these activities, while training as many employees as possible to operate an AED, Alps will continue to install more AED kits and to maintain a work environment that allows all employees to work safely and securely.



Installed near workplaces and accessible in case of emergency.



General Affairs Service
Department,
Alps Business Creation

Ikko Fujiki

To prepare for an emergency in workplaces, we will continue to improve both AED devices and training, while assuring the security and safety of visitors and employees alike.

Improving Individual Health

To maintain and improve employee health, Alps Electric aggressively offers lectures on health by dietitians and regimens for exercises which can be practiced easily in our daily lives. In recent years, we have instituted a program in which employees plan their own maintenance of health activities for the following half year. They notify us of their planned activities. We do not only provide opportunities but also encouragement to the employees to be more self-disciplined in personal health management by offering incentives such as small prizes for certain goals accomplished.

The more the problem of "Metabolic Syndrome" comes to be recognized, the more health conscious employees become. We continue to support each employee's health life.



Offering regimens for exercises easy to practice in daily lives

Diverse Workplace

Alps Electric believes that building a work environment, in which diverse personnel from different backgrounds—nationality, language, culture, customs, and gender—can fulfill their potential and can play an active role in the organization, makes a corporation strong.

We are committed to developing progressive programs such as the program in which new graduates from overseas are hired, the Alps Work Experience Program and the Reduced Working Hours Program, and to improving the working environment.

We respect the diversity of employees and have improved infrastructure that allows them to work more comfortably. For example, we have installed barrier-free facilities, toilets and grab bars for individuals with disabilities, and a nursing mothers' breast-pumping room in our new head office building. Universal design fixtures and furnishings have also been introduced.

Alps will continue to promote diversity through the programs and infrastructure, so that we can pursue productivity improvements and establish competitive superiority by realizing a diverse personnel pool.



Toilet for individuals with disabilities

Seminars: How to Handle Dangerous Gases

Alps Electric's Nagaoka Plant (Niigata Prefecture) has been making efforts to improve work place safety for workers through seminars on safety concerning dangerous gases used for newly installed equipment. Through the seminars, the workers acquire knowledge such as chemical characteristics, and risks and hazards of dangerous gases. They are also trained on the appropriate measures to take under different circumstances including inhalation of gases. Many employees not directly related to plant operations also attend the seminars and they strive to acquire the additional knowledge as part of self-improvement.

By assuring these daily health and safety activities, Alps Electric is stating its commitment to establishing safer work environments.



Deepening understanding of technical subjects through an outside expert's lecture

Balancing the Responsibilities of Work and Raising Children

We are facing the problem of a rapidly aging population and a dwindling birthrate and workforce. Alps Electric's latest managerial issue is the question of how to best employ the various human resources. To cope with this issue, we have been developing a family-friendly workplace, committed to creating a work environment where employees can balance work and childrearing responsibilities, and can fully exercise their skills at work. Alps is determined to maximize corporate value and raise employee job satisfaction.

Child and Family Care Leave System

To facilitate and promote an environment into which healthy children of the next generation can develop and grow, Alps Electric obligingly took up the challenge posed by the Law for Measures to Support the Development of the Next Generation, and formulated an action plan in April 2005. The plan's main concept is a work place that allows the employee to balance work and childrearing. The plan's objective is to improve the working environment for working parents by introducing measures such as a new child-nursing leave, and extending the number of years employees can use the Reduced Working Hours program. Alps also developed an intranet site that provides employees with information about the various programs available to help them in balancing working and childrearing.



Homepage of the website for "Supporting the Next Generation" (Japanese). Clicking the menus leads you to detailed information of each program.

Winning Work/Life Award

Cirque Corporation (Utah, USA), a design and development subsidiary of Alps Electric received the winning award for the 2008 micro-companies category (companies with fewer than 50 employees) in the "Utah Work/Life Awards—Utah's Best Places to Work" which are presented to companies that provide a superior balance of work and private life for employees.

Evaluations were made based on aspects such as company leadership reliability, respect for the individual at work, interaction with communities, measures for preserving the natural environment, and various other criteria. Cirque Corporation scored highly throughout all criteria. The judges commented that it was a "very progressive company" with a "very open culture, flexible and true to its mission", and had a "huge focus on its people."



Commendation for the "Utah Work/Life Awards"



Chief Financial Officer,
Cirque Corporation,

Anna Williamson

As a senior member of management, I was especially thrilled at Cirque receiving this award. We have always worked at creating a rewarding workplace for employees through many work/life programs, and now I believe this award has enabled our employees to be even more proud of where they work.

Spurring Employment of Individuals with Disabilities

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

Since fiscal 2006, Alps Electric has set certain employment rates as objectives which are based on applicable laws that govern the advancement of employment opportunities for individuals with disabilities. Our employment rate of individuals with disabilities in fiscal 2008 was 1.62%, and we have subsequently set a 2.03% objective for fiscal 2009 to surpass the mandated rate of 1.8%. Alps Electric intends to provide more employment and career opportunities for all.

◆ 1st CSR Mid-Term Plan (FY2006-2008) and Results

Action Targets		Major Results	Self evaluation
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.	<ul style="list-style-type: none"> Reorganized the RC Committee into the CSR Committee in April 2006 and created the CSR Group under the Corporate Planning Office. Established CSR Committee regulations. Concerning CSR requests from society, established a system to allow the CSR committee to respond to company-wide cross-sectional requests and fixed departments to respond to other requests. Created an Alps CSR self-check sheet and surveyed domestic and overseas business locations regularly. 	◎
	Appoint a CSR Representative and CSR Officer at each business location in Japan and overseas, and establish a Group and global CSR management system.	<ul style="list-style-type: none"> Appointed a CSR Representative and a CSR Officer at each business location in Japan and overseas, establishing a global CSR management system (FY2006). Established and operated Group CSR Committee meetings and Secretariat Liaison Meetings composed of three Alps Group core companies (listed companies) (FY2008). 	◎
	Plan and promote educational and developmental programs for CSR to be incorporated into the daily lives of every employee.	<ul style="list-style-type: none"> Conducted an annual internal survey about the CSR Report to assess employee understanding. Integrated education related to compliance, environmental and information security, which was previously carried out separately by each department, into a CSR program and conducted education including e-learning. Established a Training Subcommittee under the CSR Committee and commenced multi-level CSR education. 	○
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.	<ul style="list-style-type: none"> Established a database of standard answers and data for the major CSR surveys in the electronic components industry. Organized the structure to allow sales and materials control departments to respond to customer CSR requests independently. 	◎
	Enable responses to a wide range of questions from customers concerning the PDCA performance of our CSR system in the electronic components business.	<ul style="list-style-type: none"> Established a system to collect CSR performance data of all domestic and overseas business locations, and to update them regularly. 	◎
Suppliers	Create a guidebook for CSR infiltration.	<ul style="list-style-type: none"> Created supplier survey rules and the <i>Alps CSR Guidebook</i> in compliance with the <i>Supply-Chain CSR Deployment Guidebook</i> issued by JEITA. 	◎
	Encourage CSR of suppliers through ascertaining their performance according to the above guidebook.	<ul style="list-style-type: none"> Although we had already created the above guidebook and completed preparatory work such as identification of suppliers to be surveyed, we suspended supplier surveys in consideration of the moves of consumer product manufacturers and other companies in the industry. However, we explained our CSR initiatives at supplier meetings and business policy briefing sessions to request suppliers progress voluntarily. 	△
Stockholders/ Investors	Provide clear and substantial PR and information disclosure service to stockholders and investors in Japan and overseas.	<ul style="list-style-type: none"> Improved the <i>Alps Report</i> and our webpage based on results of stockholder surveys. Improved convenience for stockholders and investors by changing systems to offer such items as an on-line voting system and electronic stock certificates. 	◎
Company Members and their Families	Ascertain actual working conditions at overseas business locations, and establish appropriate personnel management standards.	<ul style="list-style-type: none"> Established and developed the "Global HR Policy" for a united personnel affairs direction in global business locations. Established a fixed system to assess basic data on labor environment of overseas business locations. 	○
	Examine working environments of our domestic cooperating company employees and establish rules to maintain conditions.	<ul style="list-style-type: none"> Involved cooperating company employees in monthly morning assemblies to share our policies and information. Although we have ascertained the personnel management systems of some cooperating companies, and conducted surveys of their labor, health and safety, our plan was delayed due to drastic changes in the business environment. 	△
Society	Ascertain how global business locations are communicating with local communities.	<ul style="list-style-type: none"> Conducted an in-house survey on communication with local communities and social contribution at domestic and overseas business locations. Based on results of the above survey, established company-wide guidelines for social contribution, and deployed them throughout the company. 	◎
	Set policies and goals for each business location, and implement them.	<ul style="list-style-type: none"> After conducting self-evaluations at domestic and overseas business locations to ascertain their actual situation, set CSR targets and measures, and integrated them into our Business Plan for deploying CSR activities. Monitoring of the CSR activity plans was insufficient. 	△
	Communicate our CSR initiatives to all our stakeholders.	<ul style="list-style-type: none"> Improved the CSR Report by digesting it into a reader-friendly form, and enriched our website by covering detailed information. Used the website to publish our "CSR News" on a regular basis. 	◎
Industry/ Financial Community	Contribute to the continuous development of CSR activities conducted by the electronic components industry.	<ul style="list-style-type: none"> Joined approx. 200 external organizations/committees and 60 academic conferences including JEITA and the Green IT Promotion Council to promote the innovation and transmission of technology. Participated in creating JEITA's <i>Supply-Chain CSR Deployment Guidebook</i>, establishing and revising international electrotechnical standards, and the Project to Promote the Shared Use of Information Concerning Parts and the Environment. 	◎
Public Organizations	Contribute to continuous development of CSR through cooperation with public organizations.	<ul style="list-style-type: none"> Supported the <i>Monozukuri</i> School under the co-sponsorship of administrative and educational organizations in order to pass on the enjoyment of <i>monozukuri</i> to future generations. 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. 	◎
Environmental Targets			
	Establish a global environmental management system.	<ul style="list-style-type: none"> Established a global environmental management system. Established a global environmental performance data collection system not only in Japan but also in overseas business locations. 	○
	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 separate Fifth Medium-Term Action Plan for Environmental Preservation.	—

Self evaluation ◎:Achieved ○: Partly achieved △: Unachieved

◆ CSR Short-Term Plan for Fiscal 2009

CSR Categories	Action Targets for Fiscal 2009 (April 1, 2009 - March 31, 2010)
CSR Management	<ol style="list-style-type: none"> Reinforce management of the Group's CSR. <ol style="list-style-type: none"> Establish and monitor a 2nd CSR Mid-Term Plan. Improve the Group CSR Committee meetings and the Secretariat Liaison Meetings. Reinforce the Group CSR structure by appointing a CSR Representative and a CSR Officer for each Group affiliate. Periodically update the database on CSR performance in all business locations. Examine specific measures related to EICC.
Internal Control	<ol style="list-style-type: none"> Conduct self-governing activities. <ol style="list-style-type: none"> Assess internal controls by control self-assessments (CSA). Audit business processes in each department. Raise awareness of internal controls. Improve continuously. <ol style="list-style-type: none"> Clarify the assessment criteria and the assessment process. Improve insufficiencies. Improve business efficiency by standardization of processes, systems and programs.
Risk Management	<ol style="list-style-type: none"> Establish a BCM system by revision and improvement of crisis management regulations and manuals. Review part of the action plan for dealing with outbreaks of new types of influenza and notify employees. Clarify systems and rules for inquiries from outside the company.
Information Security	<ol style="list-style-type: none"> Establish the PC User Handbook. Deploy education by use of e-learning. Take inventory of software licenses, examine and prepare for simplification of software licensing management. Audit Head Office PC operation log and prepare audit guidelines. Deploy information leak prevention tools in overseas business locations and examine how to conduct a log audit in Asia. Examine details of information management auditing in overseas business locations. Audit information management by conducting surveys in our affiliates in China.
Compliance	<ol style="list-style-type: none"> Risk management. <ol style="list-style-type: none"> Establish, deploy and promote regulations and guidelines with regard to decision-making. Maintain and improve company-wide compliance measures. Reinforce assurance of compliance with Anti-Monopoly Laws, Foreign Exchange Laws and Company Laws. <ol style="list-style-type: none"> Establish and check Anti-Monopoly Laws liaison and monitor operation of Authorized Exporters' Program. Monitor enforcement of resolutions by inspecting minutes of the Board of Directors' Meeting.
Environmental Management	<ol style="list-style-type: none"> Organize an environmental management system. <ol style="list-style-type: none"> Ascertain the actual situation in overseas business locations and identify issues. Identify and improve issues associated with performance data. Environmental education: Ascertain the actual situation in overseas business locations and prepare curriculum. Take measures to environmental risks. <ol style="list-style-type: none"> Ascertain environmental risks in overseas business locations.
Quality & Product Safety Assurance	<ol style="list-style-type: none"> Maintain compliance with regard to chemical substances in our products. Prevent accidents involving human lives, fires and safety attributed to our products before they occur.
Response to CSR Procurement (Supply Chain Development)	<ol style="list-style-type: none"> Examine how to deploy EICC to suppliers. Examine an effective response system and method for overall supplier management.
Stakeholder Communication	<ol style="list-style-type: none"> Strengthen face to face communication with our stakeholders. Reinforce a risk communication system.
Community/Social Contribution	<ol style="list-style-type: none"> Continue with activities that we have been involved in, such as community clean-up activities in each business location and the <i>Monozukuri</i> School. Support participation in the Ecocap Movement, and extend it throughout the company. Ascertain all activities, share information, and examine a system of promotion.
Labor, Health & Safety	<ol style="list-style-type: none"> Achieve the mandated rate of employment for individuals with disabilities in domestic business locations. Promote introduction of an occupational health and safety management system. Reduce constant overtime work.
CSR Training/Education	<ol style="list-style-type: none"> Organize a CSR education program. <ol style="list-style-type: none"> Systematize a multi-level CSR education program. Differentiate the curriculum for group training sessions from that offered in e-learning. Plan, arrange, and support CSR education. <ol style="list-style-type: none"> Conduct e-learning: compliance, environmental, and information management. Improve and conduct regular education such as group training sessions.

◆ Target and Results for the Fifth (2006-2008)

◎: Achieved ○: Partly achieved △: Unachieved

	Objectives	Action Targets (FY2006-FY2008)	FY2008 Results	FY2008 Self-evaluation
Management Develop an appropriate organizational structure to achieve effective environmental management while fostering environmental awareness among all employees	Environmental management system	Strengthen collaboration with overseas production bases	Established a collection system for environmental performance data of overseas business locations	◎
	Environmental communication	1) Periodical publication of environmental reports	1) Published CSR Report (June, 2008)	◎
		2) Information distribution via the Internet	2) Distributed information via our website	◎
	Environmental education	1) Promote organized environmental education	1) Conducted e-learning programs and education for new employees and newly-appointed managers	◎
		2) Promote educational activities related to the home environment	2) Conducted enlightenment activities through in-house magazine, etc.	◎
Environmental accounting	Further environmental accounting	Aggregated costs and benefits	◎	
Environmental initiatives through our products Reduce the environmental impact of products through environmentally conscious design and development	Design for the environment	1) Promote environmentally conscious design and development	1) Established a common process by publishing product assessment regulations	◎
		2) Perform LCA trials	2) Identified practical issues and decided policy of LCA expansion (Began to establish internal guidelines complying with LCA guidelines for electronic equipment by JEITA)	◎
	Reduction of hazardous substances	1) Maintain non-use of banned substances (compliance)	1) Strengthened our in-house management system and revised the Alps Environmentally Hazardous Substance Control Standard to ensure compliance	◎
		2) Reduce environmentally hazardous substances	2) Investigated and gained alternative technologies for exempted items	◎
Green procurement	Propagate green procurement	Revised and conducted briefings on "Alps Green Procurement System"	◎	
Environmental initiatives in our plants and offices Reduce the environmental impact of production processes and office operation	Prevention of global warming	1) Reduce CO ₂ emissions: Reduce FY2010 CO ₂ emissions from energy consumption per unit of output by 15% of FY2004 level	1) CO ₂ emissions per unit of output: 61.4t/100 million yen 15.9% increase from FY2004 (deterioration) 10.8% increase from FY2007 (deterioration)	△
		2) Reduce greenhouse gas (excluding CO ₂) emissions: Abolish the use of PFCs/HFCs (for production) by the end of FY2010	2) Abolished the use of liquid PFCs/HFCs for production purposes (June 2006)	◎
	Recycling	1) Maintain and improve "zero-emissions" performance	1) Expanded zero-emissions activity to include domestic production subsidiaries	◎
		2) Reduce total waste volumes: Reduce total waste per unit of FY2008 output by 15% of FY2004 level	2) Total waste discharge per unit of output: 5.27t/100 million yen 7.0% increase from FY2004 (deterioration) 7.4% increase from FY2007 (deterioration)	△
		3) Reduce paper use: Reduce FY2008 paper use by 20% of FY2004 level	3) Quantity of paper used: 74.2t 37.5% reduction from FY2004 (improvement) 9.7% reduction from FY2007 (improvement)	◎
	Perform appropriate management of chemical substances	1) Proper management of chemical substances: Reduce contamination risk by promoting appropriate management of chemical substances at production facilities including overseas locations	1) Assessed emergency risks, installed equipment to prevent leakage, and conducted drills	◎
		2) Reduce VOC emission volumes: Reduce FY2010 VOC emissions by 30% of FY2000 level	2) VOC emissions: 45t 91.3% reduction from FY2000 (improvement) 68.9% reduction from FY2007 (improvement)	◎
	Green purchasing	Promote green purchasing for office supplies and company fleet vehicles	Headquarters and divisions used green purchasing for office supplies	◎
	Logistics	Promote environmentally conscious logistics	Conducted modal shift, reduced packaging waste and improved transportation efficiency	◎
	Greening	Promote greening campaigns	Facilities carried out tree planting activities	◎
Social contribution activities	Promote activities that contribute to the social well-being of local communities	Facilities conducted cleanup activities around their areas	◎	

◆ Target for the Sixth (2009-2011)

	Objectives	Action Targets (FY2009-FY2011)
	FY2014 target	In FY2009, examine and establish goals up to FY2014 on necessary items
	Environmental management system	Strengthen collaboration and share goals with overseas production bases
	Actions for environmental risks	1) Maintain the current system for domestic business locations
		2) Recognize and reduce environmental risks of overseas business locations
	Eco-efficiency	Examine and introduce an eco-efficiency indicator
	Environmental communication	1) Periodical publication of environmental reports
		2) Information distribution via the Internet
		3) Promote disclosure of environmental information of business locations
	Environmental education	1) Promote organized environmental education
		2) Promote educational activities for employee households
		3) Examine and conduct global environmental education
	Environmental accounting	Regularize environmental accounting. Expand accounting scope
	Design for the environment	1) Promote LCA
		2) Examination and trial of an environmental impact efficiency
	Reduction of hazardous substances	1) Establish a new management system for chemical substances
		2) Maintain non-use of banned substances
		3) Reduce environmentally hazardous substances
	Green procurement	Propagate green procurement
	Prevention of global warming	1) Reduce greenhouse gas emissions Reduce average of greenhouse gas emissions during FY2008 to FY2012 (5 years) by 20% of FY1990 level (Japan)
		2) Reduce CO ₂ emissions Reduce FY2012 CO ₂ emissions from energy consumption per unit of output by 5% of FY2007 level (Japan)
		3) Reduce CO ₂ emissions Reduce CO ₂ emissions, every year, from energy consumption by 1% of the previous fiscal year level (Japan)
		4) Set a goal for energy saving Set an energy saving goal in FY2009 and execute it (global)
		5) Reduce greenhouse gas (excluding CO ₂) emissions Contain greenhouse gas emissions (excluding CO ₂) to FY2007 level (Japan)
	Recycling	1) Maintain and improve "zero-emissions" performance Achieve a waste recycling rate of 98% in FY2011(Japan) Set a goal for recycling rate in FY2009 and execute it (global)
		2) Reduce total discharge volumes Reduce total waste per unit of FY2011 output by 3% of FY2007 level (Japan)
		3) Promote an electronic manifest system Promote use of an electronic manifest system (Japan)
		4) Reduce paper use Reduce FY2011 paper use by 8% of FY2007 level (Japan) Set a goal in FY2009 and execute it (global)
		5) Reduce water use Reduce FY2011 water use by 10% of FY2007 level (Japan)
	Perform appropriate management of chemical substances	1) Proper management of chemical substances Reduce contamination risk by promoting appropriate management of chemical substances
		2) Reduce VOC emission volumes Reduce FY2010 VOC emissions by 30% of FY2000 level (Japan) Set a VOC reduction goal in FY2009 and execute it (global)
		3) Reduce the Class I Designated Chemical Substances of PRTR Law In FY2009, set a goal for reduction of the Class I Designated Chemical Substances of PRTR Law (Japan, global)
	Green purchasing	1) Promote green purchasing for office supplies
		2) Promote green purchasing for company fleet vehicles
	Logistics	Promote environmentally conscious logistics
	Greening	Promote greening campaigns
	Biological diversity	Examine and set a goal in FY2009
	Social contribution activities	Promote activities that contribute to the social well-being of local communities