

2013

CSR Report

CSR Environment



Alps Business Approach

Alps Electric engages in CSR activity in line with the five statements of its Business Approach.



Pursuit of Value

- ▶ Perfecting the Art of Electronics
- ▶ Creating New Value



Harmony with Nature

- ▶ Environmental Management
- ▶ Environmental Accounting
- ▶ Environmental Impact
- ▶ Material Balance (Site Reports)
- ▶ Medium-Term Action Plan
- ▶ Earth-Friendly Product Design
- ▶ Preventing Global Warming
- ▶ Reducing Waste
- ▶ Environmental Risks



Partnership with Customers

- ▶ Improving Product Quality
- ▶ Improving Customer Satisfaction
- ▶ Mutual Development with Suppliers
- ▶ Contributing to Industry
- ▶ Contributing to Society



Fair Management

- ▶ Corporate Governance
- ▶ Compliance
- ▶ Risk Management
- ▶ Information Security
- ▶ For Stockholders and Investors



Respect for the Individual

- ▶ Utilizing Human Resources Globally
- ▶ Education and Training
- ▶ Employee Communication
- ▶ A Safe and Healthy Workplace



Corporate Vision

- ▶ Corporate Vision
- ▶ Alps Precepts (Founding Spirit)



CSR Management

- ▶ CSR Management
- ▶ Summary of CSR Initiatives



CSR Library

- ▶ ISO Certification
- ▶ Environmental Plan
- ▶ Environmental Data
- ▶ CSR Report

Corporate Vision

Alps Precepts (Founding Spirit)

From where it all began. the origins of the Alps Group

The ALPS Precepts – Alps Electric's business spirit – were established on our 10th anniversary of the company foundation.

They state how monozukuri ought to be, social responsibilities, and our hopes for our employees through which the Alps Group promotes its corporate activities.



Friendship & Substance

We shall treat friendship as foremost and respect simple and sturdy character.

Societal Contribution

We shall create top-quality products, always remembering to contribute to society.

Respect for Creativity

We shall value creativity while committing to technology cultivation and job perfection.

Confidence Building

We shall maintain a strong sense of responsibility to fulfill our duties and gain trust.

Health and Family

We shall fully apply ourselves to our jobs while taking good care of our health in order to build solid homes.

| Alps Philosophy

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

| Alps Business Domain

Perfecting the Art of Electronics.

- User-friendly communication and relationships between people and media. -

| Alps Business Approach

- ▶ Pursuit of Value ——— We will constantly pursue new value creation.
- ▶ Harmony with Nature ——— We will seek harmony with the Earth's environment.
- ▶ Partnership with Customers ——— We will learn from customers and respond quickly to their needs.
- ▶ Fair Management ——— We will act fairly and from a global perspective.
- ▶ Respect for the Individual ——— We will draw upon the unique enthusiasm of every employee.

| Alps Action Guidelines

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

| Alps Business Approach

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Alps Electric considers CSR as business itself. Ever since our founding many years ago we have based business decisions on "societal contribution" and "building trust," which are expressions taken from our original founding precepts. Then in our 50th year after establishment, we defined our corporate philosophy as "Alps creates new value that satisfies stakeholders and is friendly to the Earth," and forged our Business Approach with five statements acting to realize this philosophy. By observing this Business Approach and integrating our social responsibilities with business activity, we are able to fulfill stakeholder expectations and pursue mankind's coexistence with the natural environment.

| Pursuit of Value

We consider “the art of electronics” to encompass three core values, each indispensable for leading product development and technological innovation in our pursuit of perfection.

Alps Electric fuses proprietary materials, miniaturization techniques and a diverse range of original technologies to create unique new products. In other words, we generate new value through our ongoing pursuit to perfect the art of electronics.

This perfection of products encompasses three core values: right, unique, and green. “Right” products are light, compact, made with highly sophisticated technology and achieve the right balance in terms of appearance, price, function, performance and quality. “Unique” products display Alps’ creativity and originality, and “Green” products exhibit environmental consideration over their entire lifecycle, including in their recyclability and energy efficiency when used in final consumer products.

A “customer-in” perspective is essential for Alps to perfect products using these three core values, which is why we maintain strong relationships with customers and share ideas about product development right from the early stages. We define exactly what functions our components ought to possess and develop the necessary technology accordingly, materializing our three core values in the process.



Director
New & Consumer Module Business,
General Manager
Yoshitada Amagishi

| Pursuit of Value

Perfecting the Art of Electronics

By “perfecting the art of electronics,” Alps Electric creates new value that assists and enriches people’s lives and society as a whole. Electronic components are found in an increasingly broad range of applications, not just in electronic devices like smartphones and tablets. They are used in vehicles, a growing number of which are electric and hybrid vehicles, and healthcare equipment, as well as energy-related applications, such as smart grids that embrace diversity of power generation, including solar and wind power, and systems for efficient power usage. Incorporated into a wide variety of products and equipment, Alps Electric’s electronic components help to enrich people’s lives, providing both safety and convenience.

The Art of Electronics

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

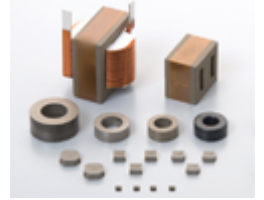
Right Products manufactured based on a specific concept must satisfy user needs, and must have the right appearance at the right price, with the right functions, performance and quality.
Unique In addition to function and performance, products must exhibit value through creativity and originality that 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

Functional and performance requirements of electronic devices change with market and social trends. Alps Electric develops electronic components that enable electronics to perform and function as they are required to now, or will be required to in the near future, and which meet customers' needs.

< Licalloy™ Power Inductor >

A power inductor that achieves high efficiency using Licalloy™, a material researched and developed by group company Alps Green Devices Co., Ltd. Licalloy™ Power Inductors contribute to power efficiency of devices in this day and age when power savings by individual devices are required in order to conserve energy.



<Switch with Power Generator>

Developed as a device that generates its own power by converting energy from turning the switch on and off. Alps Electric is putting forward battery-less proposals for electronic devices and this switch, while retaining the light operating feel of existing push-button switches, can be combined with a Bluetooth® or other wireless communication device, for example in a remote control.



<Current Sensor>

Society demands that the equipment and infrastructure we use today is energy efficient, as is illustrated by hybrid vehicles and smart grids. Applying know-how and technology acquired through the development of magnetic elements to develop new electronic components, Alps Green Devices is developing components for use in new devices and new infrastructure systems.



<Sensors>

A wide variety of sensors, including gyroscopes and acceleration, pressure, humidity and light sensors, are required to enhance the functionality, safety and convenience of products like smartphones and home appliances. Alps Electric utilizes original technologies it has acquired to date (MEMS and microfabrication technologies) to develop and commercialize smaller, high-precision sensors to fill these needs.



| Pursuit of Value

Creating New Value

Alps Electric strives to develop electronic components for the future through fusion of new technologies with technologies the company has amassed over the years since its founding, such as mechatronics, radio frequency, and mold technologies. We already develop products for home appliances, mobile devices like smartphones and tablets, and cars, navigation systems and other automotive applications, and we continue to broaden the scope of value creation in development, encompassing new markets like energy and healthcare, and the global market.

Overseas R&D Activities

Alps Electric is working on research and development of electronic components for new markets. We also engage aggressively in R&D activities overseas in order to respond to the particular market conditions, which vary depending on the country or region. In 2012, Alps Electric established a joint venture, Shenyang Xikang Alps Technologies Co., Ltd., in Shenyang, Liaoning Province, China, to carry out product development and technology consulting services for the healthcare market.

Speeding up Development

With digital products and cars being developed at a faster pace, Alps Electric opened the EMC Evaluation Center in 2011 at Furukawa Plant to speed up its own product development. The center has a total of six anechoic chambers used to evaluate the electromagnetic compatibility and antenna performance of products. Furukawa Plant is not just a production facility as it is also home to functions for development and design of products for consumer and automotive markets. Locating these departments next to the EMC Evaluation Center speeds up processes from development through to evaluation and production. Antenna evaluation and analysis technologies have improved, enabling high-precision measurements and high evaluation efficiency. Evaluation of Alps products incorporated into the end application is carried out in addition to evaluation of the products by themselves. This helps to reduce the evaluation workload for customers, raise the level of product completion and shorten development lead time.

| Harmony with Nature

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

At Alps Electric, where our main line of business is manufacturing, environmental conservation is an extremely important aspect of our CSR. "Green" has always been a pre-condition for the "art of electronics," facilitating our production of smaller and lighter components with higher energy and material efficiency, and our aggressive promotion of energy saving and zero-emissions initiatives in production processes. We have also progressed with our "Medium-Term Action Plans for Environmental Preservation" in parallel, which integrate individual division activities in order to lower environmental impact even more efficiently and effectively. A company such as Alps Electric that is involved in worldwide business needs its existence as a crew member of Spaceship Earth to be accepted in the global community. In order to increase our value as a global citizen of sound judgment, we will maintain our balance of global business and environmental activities in keeping with a management that is in harmony with the environment.

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



Senior Managing Director
General Manager
Administration Headquarters
Nobuhiko Komeya

| 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. All our domestic and overseas production facilities have acquired 14001 certification, and every certified location performs internal environmental audits at least once a year in accordance with the ISO 14001 standards.



An audit in progress by a third-party auditor

Medium-term action plans for environmental preservation have been formulated ever since implementation of our inaugural action plan in 1994. Each site additionally creates and implements its own independent plan. Environmental activity based on the Seventh Medium-Term Action Plan for Environmental Preservation commenced in fiscal 2013.

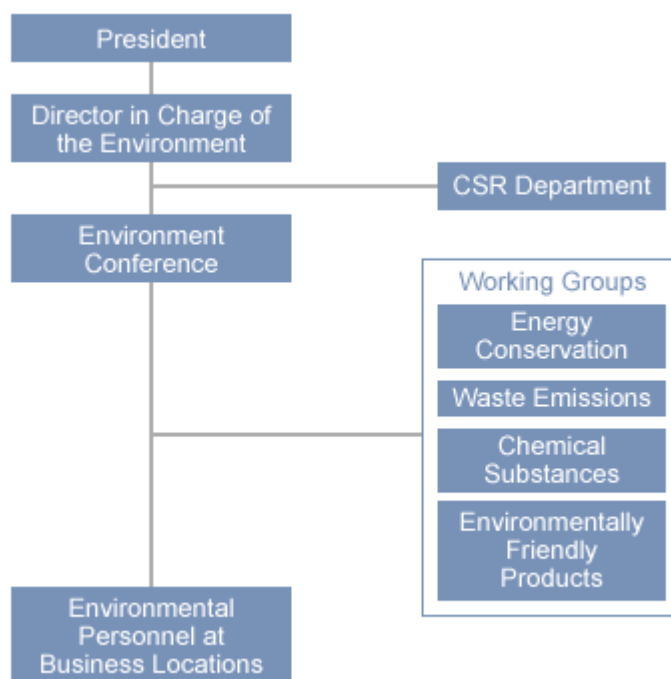
Legal Compliance

Alps Electric strives for full compliance with environment-related laws and regulations and achieves this through self-imposed standards that are more stringent than legally required in each country. In fiscal 2012, there was one incidence of cafeteria wastewater exceeding the imposed limit. The incident was acted upon in a prompt and appropriate manner.

Environmental Management Structure

Policies and measures relating to environmental management are finalized in the Environment Conference comprising representatives of business locations in Japan and chaired by the director in charge of the environment. Finalized policies and measures are implemented in Japan through the Environment Conference, and outside Japan by representatives and environmental management representatives of overseas affiliates. As secretariat of the Environment Conference, the CSR Department falls under the supervision of the director in charge of the environment and is charged with advancing environmental management through the formulation of company-wide environmental measures, gathering of information and other duties. Working groups reporting to the Environment Conference have also been established to examine specific issues, such as global warming and waste emissions.

Environmental Management Structure (as of September 2013)



Environmental Education

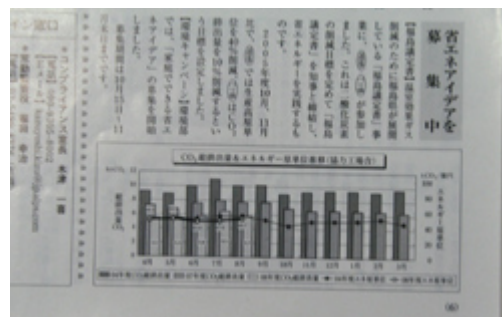
Alps Headquarters conducts environmental training for new recruits and new managers according to their qualification grades. Employees at each plant also receive environmental training specific to their jobs, and technical training such as the program for internal environmental auditors. Overseas production facilities implement their own programs to provide effective training that corresponds to local regulations and customs.



Environmental training for new managers

Raising Employee Awareness

A serial feature imparting information about environmental matters has been included in the Alps Magazine distributed to Alps Group employees. The information includes introductions to Alps Group initiatives for environmental preservation and environment-related institutions outside the Group. We try to raise awareness among Alps Group employees also by providing them with an “eco-account book,” which lets them check their household CO2 emissions.



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

Biodiversity Initiatives

“Morino Chonai-Kai” (Forest Neighborhood Association), administered by environmental NPO Office Chonai-kai, contributes to the creation of healthy forests through the promotion of forest thinning and effective utilization of thinnings. We support these activities by printing our monthly in-house newsletter and other publications on “Forest Thinning Support Paper.” Use of Forest Thinning Support Paper supports mechanisms for promoting forest thinning and making forests healthy. We will continue to look for new areas where we can use Forest Thinning Support Paper.

We are also assisting a campaign to regenerate forest destroyed as a result of the Great East Japan Earthquake and tsunami in 2011 along the coastline of Natori, Miyagi Prefecture. This long-term reconstruction project to regenerate coastal forest is supported by the Organization for Industrial, Spiritual and Cultural Advancement - International (OISCA International) and will involve the planting of Japanese black pine trees using seedlings grown by the people of Natori. The project will also provide a means of income for hard-hit residents. Alps Electric intends to provide assistance for the project over the long term.

Harmony with Nature

Environmental Accounting

Alps Electric, in accordance with Ministry of the Environment guidelines, adopted an environmental accounting (*1) system in fiscal 2000 in order to monitor its environmental costs and associated economic benefits.

Environmental expenditure in fiscal 2012 was roughly the same as for fiscal 2011. Environmental investment increased in connection to the establishment of new production lines. Profit on sales of materials decreased.

(*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 2012 (Coverage: Alps Electric)

Unit : million yen

Category	Main Objective	Investment		Costs	
		'11	'12	'11	'12
Operating costs	Pollution prevention Global warming abatement	68.9	354.8	253.8	249.7
Upstream and downstream production costs	Green procurement, Database for Chemical Substance Management	3.4	0.0	77.3	78.7
Administration costs	ISO 14001 certification maintenance	0.0	0.0	126.4	97.1
R&D costs	—	0.0	0.0	0.3	0.3
Social contribution costs	Community cleanup activities	0.0	0.0	8.3	4.8
Environmental restoration costs	Remediation of soil and groundwater	0.0	0.0	0.8	3.4
Other costs	—	0.0	0.0	0.0	0.0
Total		72.3	354.8	466.9	434.0

(*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 2012 Unit : million yen
 (Coverage: Alps Electric)

Category	Value	
	'11	'12
Profit on sales of materials	846.0	552.4
Cost reductions due to energy saving	79.7	31.6
Total	925.7	584.0

* 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 level. The company also promotes energy conservation by creating awareness among employees and adopting the relevant equipment.

Electricity (ten thousand kWh)

Japan 10,622 Overseas 18,641

Fuel (crude-oil equivalent: kl)

Japan 2,167 Overseas 1,288

Mains and industrial water supply (t)

Japan 471,307 Overseas 785,960

Groundwater (t)

Japan 60,353 Overseas 24,267

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. The locations are also making efforts to reduce environmental impact through green purchasing, "zero-emissions," and other activity.

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 4,791 Overseas 12,220

Emissions into the atmosphere (t)

Japan		Overseas	
CO2	40,683	CO2	145,236
NOx	3,345	NOx	Overseas figures have not been aggregated.
SOx	9,426	SOx	
VOC	47	VOC	

Discharge into waters (t)

Japan 409,949 Overseas figures have not been aggregated.

Fuel (crude-oil equivalent: kl)

Japan 837 Overseas 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 CO2 2,219 Overseas figures have not been aggregated.

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 for Plants

Major domestic business locations

Major domestic business locations	Electricity (ten thousand kWh)	Fuel (crude-oil equivalent) (kL)	CO2 emissions (t)	Water consumption - domestic mains (t)	Waste discharge (t)	VOC emissions into atmosphere (t)
Furukawa Plant	1,946.2	583	7,891	95,049	1,556	14
Wakuya Plant	1,705.8	302	6,364	21,360	898	4
Kakuda Plant	1,597.9	201	5,737	33,793	1,202	1
Kitahara Plant	425.9	23	1,445	9,864	62	0
Onahama Plant	522.5	50	1,828	12,017	188	1
Taira Plant	715.9	458	3,535	79,491	247	5
Nagaoka Plant	3,205.9	379	11,485	188,611	511	22
Sendai R&D Center	209.4	169	1,017	11,968	19	0
Headquarters	229.2	0	857	8,425	98	0

Major Overseas Business Locations

Overseas production bases	Electricity (ten thousand kWh)	Fuel (crude-oil equivalent) (kL)	Water consumption (t)	CO2 emissions (t)	Waste discharge (t)
Alps Electric Korea Co., Ltd.	1,885	416	16,786	9,454	1,444
Alps Electric (Malaysia) Sdn. Bhd.	2,486	39	223,221	16,388	1,156
Dandong Alps Electronics Co., Ltd.	418	67	35,915	5,031	556
Dalian Alps Electronics Co., Ltd.	3,148	86	125,589	37,079	2,823
Tianjin Alps Electronics Co., Ltd.	573	35	67,200	6,524	109
Wuxi Alps Electronics	3,646	104	197,966	30,329	2,210
Ningbo Alps Electronics Co., Ltd.	2,375	58	90,487	19,768	688
Alps Electric (Ireland) Limited	570	62	4,126	3,819	430
Alps Electric Europe GmbH, Dortmund Plant	396	217	2,550	2,136	377
Alps Electric Czech, s.r.o.	240	147	3,860	1,571	457
Alcom Electronics de Mexico, S.A. de C.V.	2,829	56	26,501	12,576	1,971

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
Nickel	1.1	0.0	0.0	0.0	0.0
Toluene	6.0	3.9	0.0	0.0	2.0
Methylnaphthalene	7.4	0.0	0.0	0.0	0.0

Wakuya Plant

(Tons/Year)

Substance	Volume Used	Volume Emitted		Volume Transferred	
		Air	Water	Sewage	Transferred to Subcontractors
Inorganic cyanide compounds	1.8	0.0	0.0	0.0	0.0
Nickel	1.8	0.0	0.0	0.0	0.0
Nickel compounds	2.2	0.0	0.0	0.0	0.0
Silver and its water-soluble compounds	3.1	0.0	0.0	0.0	0.1
Methylnaphthalene	3.2	0.0	0.0	0.0	0.0

Kakuta Plant

(Tons/Year)

Substance	Volume Used	Volume Emitted		Volume Transferred	
		Air	Water	Sewage	Transferred to Subcontractors
Methylnaphthalene	2.1	0.0	0.0	0.0	0.0

Onahama Plant

(Tons/Year)

Substance	Volume Used	Volume Emitted		Volume Transferred	
		Air	Water	Sewage	Transferred to Subcontractors
Silver and its water-soluble compounds	0.6	0.0	0.0	0.0	0.1

Taira Plant

(Tons/Year)

Substance	Volume Used	Volume Emitted		Volume Transferred	
		Air	Water	Sewage	Transferred to Subcontractors
Xylene	5.2	2.6	0.0	0.0	0.0
1,2,4-trimethylbenzene	6.9	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
Xylene	0.7	0.7	0.0	0.0	0.1
Dimethylacetamide	1.1	0.0	0.0	0.0	1.1
Toluene	13.3	12.7	0.0	0.0	0.6
Methylnaphthalene	4.2	0.0	0.0	0.0	0.0
Water-soluble salts of peroxodisulfuric acid	1.3	0.0	0.0	0.0	1.3

Not applicable to Sendai R&D Center, nor Headquarters.

| Harmony with Nature

Medium-Term Action Plan

Alps Electric carries out initiatives for reducing greenhouse gas and waste emissions, managing chemical substances and achieving other objectives in line with its Medium-Term Action Plan for Environmental Preservation. The Sixth Medium-Term Action Plan for Environmental Preservation came to an end in fiscal 2012, but some targets, including for reduction of waste emissions, were unattained.

Fiscal 2013 is the first year covered by the Seventh Medium-Term Action Plan for Environmental Preservation. The plan extends the scope of application of some targets to all Group companies and even addresses challenges remaining from the previous plan.

Seventh Medium-Term Action Plan for Environmental Preservation

Area of Initiatives	Target	Scope of Application
Global warming countermeasures (energy management)	Improve energy consumption per unit (average 1% annually to 2020)	Alps Group (*1)
Reduction of total waste emissions	Improve total waste emissions per unit (1% each year to FY2015)	Alps Group
Reduction of water usage	Improve water usage per unit (1% each year to FY2015)	Alps Electric Global (*2)
Reduction of the environmental impact of logistics	Improve energy consumption per unit related to product logistics in Japan (1% each year to FY2015)	Alps Electric
	Ascertain energy consumption for product logistics overseas (by FY2014)	Alps Electric, Alps Logistics
Action on global warming through products	Look into introduction of environmental contribution visualization	Alps Electric
	Achieve compliance with GHG Protocol Scope 3	Alps Electric
Promotion of biodiversity conservation activities	Promote and continue company-wide biodiversity conservation activities	Alps Electric
	Promote and continue conservation activities at each base	Alps Electric
	Continue awareness activities for individuals	Alps Electric
Environmental management systems	Look into and implement environmental management system integration in Japan	Alps Electric
Promotion of environmental education	Promote awareness activities for individuals and households	Alps Electric
	Look into and implement environmental education globally	Alps Electric Global
Sharing of Alps Group environmental data	Carry out sharing of environment-related data within the Alps Group	Alps Group

*1. Alps Electric, Alpine, Alps Logistics and their related companies

*2. Alps Electric Global: Alps Electric and electronic components segment production subsidiaries in Japan and overseas

Targets and Results for the Sixth Medium-Term Action Plan for Environment Preservation

Management

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

Area of Initiatives	Action Targets (FY2009-FY2012)	FY2012 Results	FY2012 Self-evaluation
Environmental management system	Strengthen collaboration and share goals with overseas production bases.	Shared action items with overseas bases	○
Actions on environmental risks	Maintain the current system for domestic business locations.	Updated environmental risk map data	○
	Recognize and reduce environmental risks of overseas business locations.	Prepared assessments for overseas bases	△
Eco-efficiency	Examine and introduce an eco-efficiency indicator	Continued investigation of eco-efficiency indicators (Decided in FY2010 it was too early to introduce an indicator)	○
Environmental communication	1) Periodical publication of environmental reports	1) Published CSR Report online (September 2012)	○
	2) Information distribution via the Internet	2) Distributed information via our website	○
	3) Promote disclosure of environmental information for business locations	3) Disclosed some environment-related information	○
Environmental education	1) Promote organized environmental education	1) Conducted educational programs for new employees and managers, and employees to be seconded overseas. Conducted educational program on biodiversity for engineers.	○
	2) Promote educational activities encouraging action in employee households	2) Published educational information in the company newsletter, company magazine, intranet and other media.	○
	3) Examine and conduct global environmental education	3) Surveyed and examined education content	×
Environmental accounting	Regularize environmental accounting. Expand accounting scope	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

Area of Initiatives	Action Targets (FY2009-FY2012)	FY2012 Results	FY2012 Self-evaluation
Design for the environment	1) Promote LCA	1) Evaluated simplified LCI calculation tool for automotive components made available by the Japan Auto Parts Industries Association (JAPIA)	○
	2) Examine environmental impact efficiency and trial measures	2) Internally applied calculation guides for visualizing the environmental contribution of electronic components. Examined methods for complying with GHG Protocol Scope 3 and estimated GHG emissions during commuting by employees in Japan.	○
Chemical substance management	1) Establish a new management system for chemical substances	1) Made improvements to operation of the new chemical substance management system (Green-AXIS)	○
	2) Maintain non-use of banned substances	2) Revised in-house standards to include new additions to the REACH SVHC Candidate List and reflect changes to the Global Automotive Declarable Substance List (GADSL)	○
	3) Reduce environmentally hazardous substances	3) Ensured knowledge within the company of prohibited uses following the end to RoHS directive exemptions	○
Green procurement	Propagate green procurement	Amended the Alps Green Procurement Standard and have informed bases	○

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

Environmental initiatives in our plants and offices

Reduce the environmental impact of production processes and office operation

Area of Initiatives	Action Targets (FY2009-FY2012)	FY2012 Results	FY2012 Self-evaluation
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)	1) CO2 emissions: 44,888 tons. FY2008–12 average: 49,204 tons. 55.0% reduction (improvement) from base year (FY1990).	○
	2) Reduce CO2 emissions: Reduce FY2012 CO2 emissions from energy consumption per unit of output by 5% of FY2007 level (Japan)	2) CO2 emissions per unit of output: 38.0 tons / 100 million yen. 24.2% reduction (improvement) from base year (FY2007). 1.3% reduction (improvement) from previous year (FY2011).	○
	3) Reduce CO2 emissions: Reduce CO2 emissions, every year, from energy consumption by 1% of the previous fiscal year level (Japan)	3) CO2 emissions: 665 tons. 1.49% reduction (improvement) from previous year (FY2011).	○
	4) Reduce energy consumption of overseas bases: Bases set individual FY2012 reduction targets for CO2 emissions coming from energy consumption (Global)	4) Bases have set their targets	○
	5) Reduce greenhouse gas (excluding CO2) emissions: Contain greenhouse gas emissions (excluding CO2) to FY2007 level. (Japan)	5) Greenhouse gas emissions (excluding CO2) were between 1500 and 2000 tons (CO2 equivalent)	○
Recycling	1) Maintain and improve “zero-emissions” performance: Achieve a waste recycling rate of 98% in FY2012. (Japan) Bases set individual FY2012 recycling rate targets. (Global)	1) (Japan) Recycling rate: 99.1%. 0.8-point increase (improvement) from previous year (FY2011).	○
		(Global) Bases have set their targets	△
	2) Reduce total waste emissions: Reduce FY2012 total waste emissions per unit of output by 3% from the FY2007 level (Japan)	2) Total waste emissions per unit of output: 4.35 tons / 100 million yen. 2.4% increase (deterioration) from base year (FY2007). 26.2% increase (deterioration) from previous year (FY2011).	×

Area of Initiatives	Action Targets (FY2009-FY2012)	FY2012 Results	FY2012 Self-evaluation
Recycling	3) Promote an electronic manifest system: Promote use of an electronic manifest system (Japan)	3) Proportion of material converted into electronic data: 92.2%. 8.8-point increase (improvement) from previous year (FY2011).	○
	4) Reduce paper use: Reduce FY2012 paper use by 10% of FY2007 level. (Japan) Bases set individual FY2012 reduction targets. (Global)	4) (Japan) Paper usage: 42.5 tons 48.2% reduction (improvement) from base year (FY2007). 8.6% reduction (improvement) from previous year (FY2011).	○
		(Global) Bases have set their targets	△
	5) Reduce water use: Reduce FY2012 water use by 13% of FY2007 level (Japan)	5) Water usage: 471,307 tons. 29.5% reduction (improvement) from base year (FY2007). 1.3% reduction (improvement) from previous year (FY2011)	○
Chemical substance management and emission reductions	1) Proper management of chemical substances: Reduce contamination risk by promoting appropriate management of chemical substances.	1) Assessed emergency risks, installed equipment to prevent leakage, and conducted drills	○
	2) Reduce VOC emissions: Reduce FY2010 VOC emissions by 30% from the FY2000 level. (Japan) Bases set individual FY2012 VOC emission reduction targets. (Global)	2) (Japan) VOC emissions: 75 tons (FY2010). 85.6% reduction (improvement) from base year (FY2000).	○
		(Global) Some bases have set their targets	△
3) Reduce Class I Designated Chemical Substances of PRTR Law: Bases set individual FY2012 emission reduction targets for Class I Designated Chemical Substances of the PRTR Law (Japan and Global)	3) (Japan and Global) Set targets but could not achieve them (substitutes could not be found)	×	

Area of Initiatives	Action Targets (FY2009-FY2012)	FY2012 Results	FY2012 Self-evaluation
Green purchasing	1) Promote green purchasing for office supplies	1) Headquarters and bases used green purchasing for office supplies	○
	2) Promote green purchasing for company fleet vehicles	2) Purchased and leased eco-friendly vehicles	○
Logistics	Promote environmentally conscious logistics.	Improved transportation efficiency and reduced packaging waste	○
Greening	Promote greening campaigns.	Bases carried out tree planting activities	○
Biological diversity	Advance biodiversity awareness through "learning," "notifying" and "acting" steps (Japan)	Added biodiversity protection as a parameter for in-house product assessments and held a briefing for engineers. Printed in-house newsletter and other publications on Forest Thinning Support Paper. Donated to a project to regenerate forest destroyed as a result of the Great East Japan Earthquake and tsunami.	○
Social contribution activities	Promote activities that contribute to the social well-being of local communities.	Bases conducted cleanup activities around their areas	○

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

| Harmony with Nature

Earth-Friendly Product Design

Striking a balance between environmental preservation and economic growth is essential for a sustainable society. Alps Electric, too, develops products bearing in mind the desire to establish a sustainable society. For example, product assessments are geared toward reducing restricted chemical content in products, ensuring efficient use of resources by making products smaller, thinner and lighter, preventing global warming by cutting power consumption and improving the efficiency of manufacturing processes, and helping to conserve biodiversity. Initiatives are also in place to enable a swift response to new chemical substance regulations.

Global Management of Chemical Substance Content in Products

Restrictions on chemical substance content in products are becoming increasingly stringent in order to help ensure product safety and to promote sustainability in society, and it is more important than ever before that we meet these social requirements. For example, we need to be able to comply with changes to the Stockholm Convention on Persistent Organic Pollutants (POPs) and the EU Directive on the restriction of certain hazardous substances (RoHS) as restricted chemical substances and scopes of application are reviewed.

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

For example, information on chemical substance content provided by suppliers is managed in a database accessible from any Alps base in Japan or overseas. The database is used to confirm legal compliance during product design, material inspection, manufacturing and shipping and allows provision of up-to-date information to customers.

Compliance with REACH

The EU's REACH regulation, which came into effect in 2007, requires companies to register, notify and submit information concerning certain chemicals. Each year, around two substances are added to the list of substances of very high concern (SVHC), which are candidates to be made subject to authorization under the REACH regulation. To ensure complete compliance with the REACH regulation, Alps Electric promptly includes SVHCs in internal management standards. And to enable smooth communication of information to customers, we adopt measures conforming to formats prescribed by individual industries like the automotive and electronics industries.



The image shows a multi-page document with various tables and sections. The top part contains header information and a table with columns for '品名' (Product Name), 'CAS No.', 'IUPAC Name', and 'CAS No.'. Below this is a large table with multiple columns, likely for listing chemical substances and their properties. The document is organized into several distinct sections, each with its own header and content.

A sheet used to submit information concerning chemical substances contained in products

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.”

For example, we have reduced waste by discontinuing use of stretch film for preventing load shifting in short-haul transportation through the introduction of reusable containers. We have reduced fuel consumption by improving efficiency through standardization of shipping cartons and reviews of delivery points to determine optimal transportation routes. We are also advancing 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, digital tachographs are now used in trucks, enabling follow-up instruction to drivers, and a set of “10 Eco-drive Rules” were created and established as operating standards to lessen the environmental impact of truck transportation.



Using returnable and reusable containers



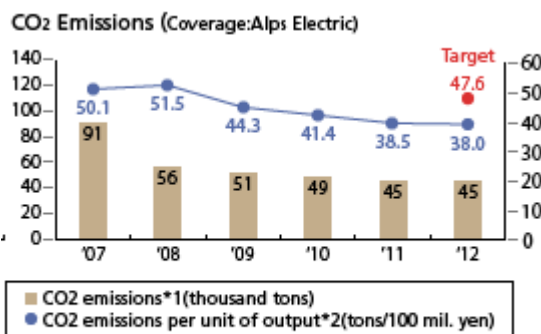
Container used in our “modal shift”

Harmony with Nature

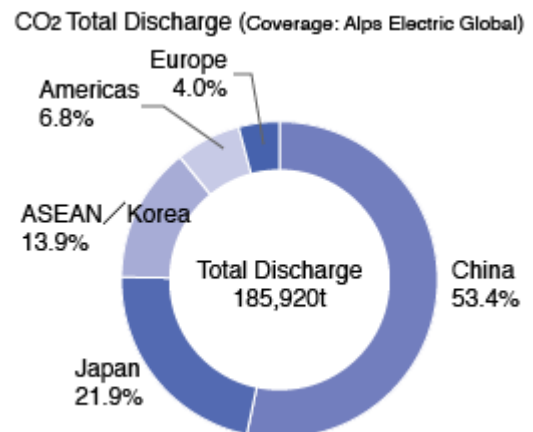
Preventing Global Warming

Alps Electric reduces its CO₂ emissions through improvements to facilities, like the introduction of highly efficient systems and upgrading of energy-efficient production facilities, and by conducting regular energy conservation patrols to achieve operational improvements, such as improvement of compressor and air conditioning system operation and reduction of non-essential lighting. We are also embracing natural energy sources by introducing solar power generation systems and free cooling systems.

Under the Sixth Medium-Term Action Plan for Environmental Preservation, we aimed to reduce CO₂ emissions by 20% from fiscal 1990 levels and reduce energy consumption per unit of output by 5% from fiscal 2007 levels, but we were unable to attain those targets in fiscal 2012, the final year covered by the plan.



*1 Includes emissions from sub-contracted plants
 *2 Total CO₂ emissions divided by the total value of production



Initiatives at Bases

Taira Plant

Taira Plant has been installing energy-saving facilities that enable effective use of natural energy sources, including a solar power system (82kW) and a free cooling system that draws in air from the outside for cooling during the winter. The plant also achieves energy savings through reviews of system components, for example by switching from compressor-supplied compressed air to more efficient blower-supplied air for air knives. As a result of these efforts, the plant has been able to reduce power usage by around 600,000kWh per year.

At Taira Plant, we operate clean rooms and utilities account for around half our power consumption. Ongoing improvements have been made to minimize this energy use, for example by switching off the temperature and humidity control system on holidays when the plant is not in operation. All departments at the plant also joined forces to address the matter of compressed air, which requires large amounts of energy. Thanks to these efforts, the compressor operating rate is now very low, but new issues have been identified, such as an increase in consumption of standby power (unloaded). Maintaining our mottainai mentality, we will carry on contributing to global warming prevention efforts through plant-wide energy-saving initiatives.



Onahama General
Affairs Section
Kenichi Ohira

| Harmony with Nature

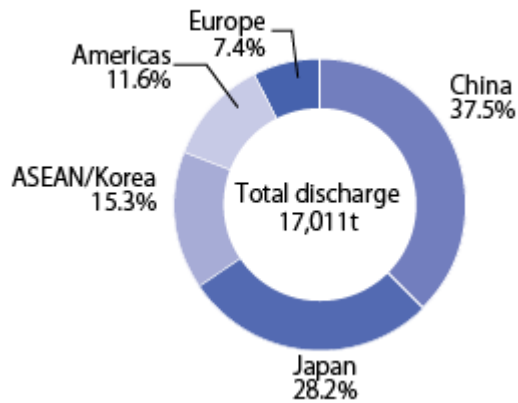
Reducing Waste

Since fiscal 2001, Alps Electric has implemented a “zero-emissions” (*1) campaign aimed at recycling all waste from offices and production plants. This target was successfully achieved by the end of fiscal 2004 at all divisions in Japan.

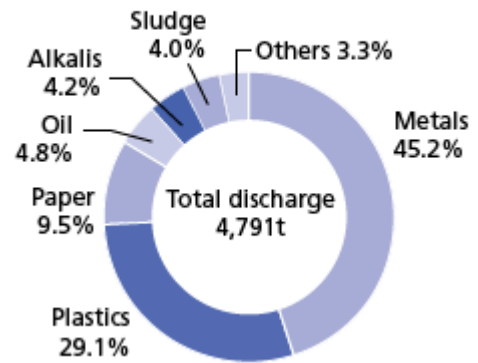
Under the Sixth Medium-Term Action Plan for Environmental Preservation, we worked to reduce the volume of waste emissions and improve our recycling rate. In fiscal 2012, the final year covered by the plan, we achieved a recycling rate of 99%, thereby attaining one of our targets. However, we did not attain our waste emissions reduction target as waste increased due to launching of new products and other factors.

(*1) Zero-emissions: A recycling-oriented social system involving elimination of all kinds of waste by effectively recycling them into raw materials and other useful purposes; advocated by the United Nations University in 1994.

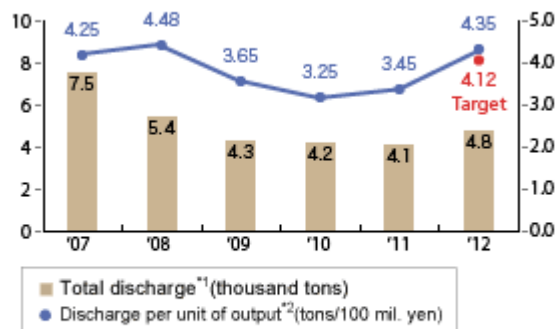
Total Waste Discharge (Coverage: Alps Electric Global)



Waste Classification and Breakdown (Coverage: Alps Electric)



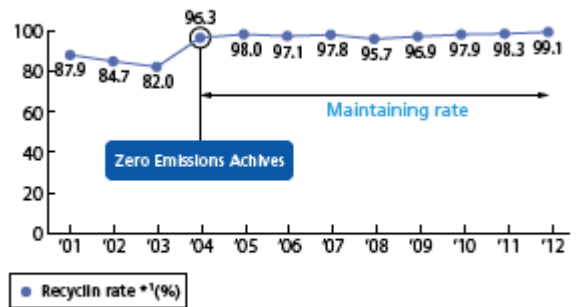
Total Waste Discharge (Coverage: Alps Electric)



■ Total discharge^{*1}(thousand tons)
● Discharge per unit of output^{*2}(tons/100 mil. yen)

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

Recycling Rate: (Coverage: Alps Electric)



● Recycling rate^{*1}(%)

^{*1} Recycling rate: Recycled quantity over total waste discharge.
^{*2} The remaining 3.1% for fiscal 2012 that is excluded from zero emissions was mostly general waste, including sludge from septic tanks.

Initiatives at Bases

Dandong Alps Electronics Co., Ltd.

Dandong Alps Electronics (China) audits waste contractors once a year to ensure that waste is properly processed. The audits involve prior screening of documentation, after which treatment facilities are inspected to confirm that waste is processed in compliance with Chinese law, that processing methods are appropriate and that licenses from government authorities are valid.



To prevent pollution of the environment with waste, we outsource waste processing to specialized contractors. But as the person in charge, I was not able to take responsibility without seeing operations in progress at the contractor's facilities. I also wanted to check that no secondary pollution was being caused during the processing of waste.



Manufacturing Dept.
Wang Haibo

During audits, we check original processing license certificates issued by government authorities and confirm processing routes, operation of the equipment, and controls, among other areas. Once we know that waste is being processed properly and smoothly, without creating pollution, I feel glad that we are helping to protect the environment. I now hope to spread that mentality of processing waste properly to other waste contractors.

| 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.

Chemical Substances—Appropriate Use and Release Control

Alps Electric ensures appropriate use of chemical substances by regulating the use of substances in products and processes through the Alps Environmentally Hazardous Substance Control Standard.

PRTR Substance Survey Results (Coverage: Alps Electric)

Unit : (t)

Substance	Volume Used		Volume Emitted				Volume Transferred			
			Air		Water		Sewage		Transferred to Subcontractors	
	'11	'12	'11	'12	'11	'12	'11	'12	'11	'12
Xylene	8.6	6.9	2.6	3.7	0.0	0.0	0.0	0.0	0.5	0.3
Silver and its water-soluble compounds	5.7	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.2
Inorganic cyanide compounds	2.4	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dimethylacetamide	1.1	1.1	0.0	0.0	0.0	0.0	0.0	0.0	1.1	1.1
1,2,4-trimethylbenzene	6.4	7.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Toluene	16.3	19.9	15.0	17.2	0.0	0.0	0.0	0.0	1.3	2.7
Lead	1.5	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nickel	1.9	3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nickel compounds	2.9	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water-soluble salts of peroxodisulfuric acid	7.5	1.3	0.0	0.0	0.0	0.0	0.0	0.0	7.5	1.3
Methylnaphthalene	17.5	15.2	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0

* 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.

Countermeasures for Environmental Risk

Alps Electric takes steps to abate the risk of environmental damage occurring as a result of unforeseen accidents or disasters.

“Environmental risk maps” have been drawn up for each plant and are updated on a regular basis. These maps specify on plant plans where chemical substances and waste are handled. Areas prone to accidents are indicated along with areas where risk events have occurred in the past. Sharing the information lessens the risk to the environment. Risk is also alleviated through improvements to facilities, including replacement of underground pipelines with aboveground, double-walled pipelines, construction of containment dikes at tanker stops, and installation of spill sensors. To ensure readiness, “emergency response plans” have been formulated and are tested through regular drills.



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

Partnership with Customers

We form strong partnerships with stakeholders based on face-to-face communication.

Alps Electric supplies over 40,000 types of electronic components to around 2,000 automobile, home appliance, mobile device and industrial machinery manufacturers worldwide. We have integrated our sales and engineering departments and have combined our global production functions into one organization allowing us to obtain information about the latest technological trends from a wide range of markets. Our structure also enables immediate and accurate response to customer needs and we are always ready to provide solutions with customer-oriented perspectives.

For example Alps currently needs to respond to increasingly sophisticated requests from car manufacturers as more electronics are used in vehicles. We respond to these requests by offering solutions that utilize expertise we have cultivated from developing electronic components like sensors and control devices that we have applied in consumer products for instance.

It is essential that we perceive needs, issues and benefits from the customer's perspective in order to provide new products that will stimulate latent demand. Therefore we value face-to-face communication with customers and our existence as a strong and reliable partner in product development.

We also strive to develop win-win relationships with entire supply chains and to create trusting partnerships with suppliers by sharing information appropriately and following promises with action. At times we cooperate in development or technological partnerships with other players in the industry and at other times we are 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. We pursue mutually beneficial development and relationships with customers, suppliers, industries, local communities and all other stakeholders surrounding Alps Electric.



Managing Director
General Manager
Sales & Marketing Headquarters
Takashi Kimoto

| 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.

Quality Control Policy

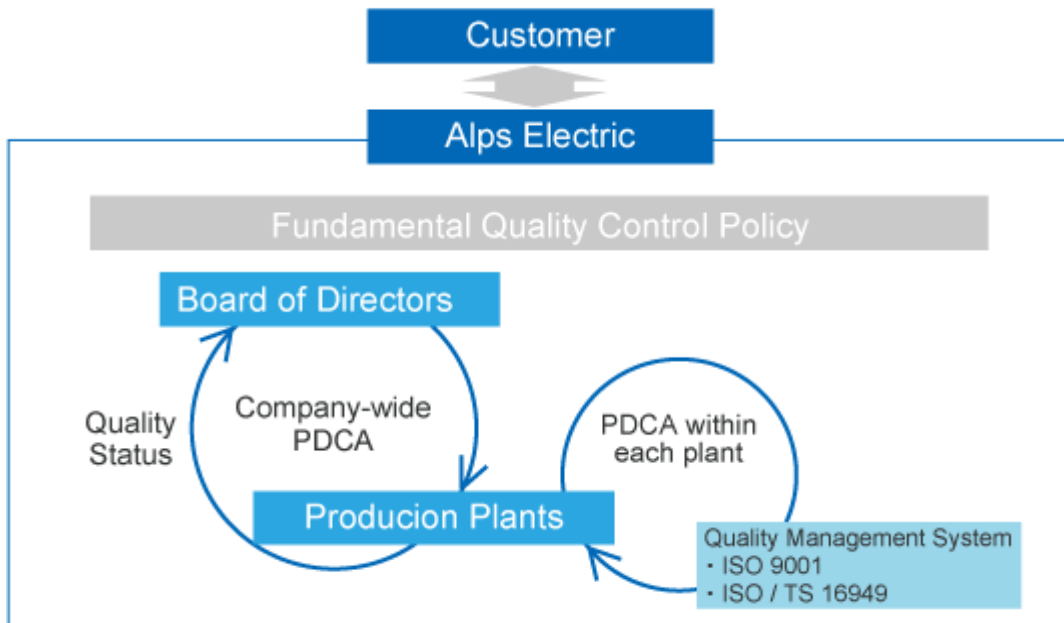
Each fiscal year, quality management policies are established in line with the Fundamental Quality Control Policy. Quality management systems are established, implemented and continually improved.

In order to facilitate improvements in global quality performance, quality-related achievements and issues are not only shared within individual plants, but also reported regularly to the Board of Directors to be shared company-wide.

■ 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 conformance of products with specification sheets agreed upon with individual customers. However, that confirmation alone did not prevent defects occurring in processes performed by customers or during use by end users.

For that reason, Alps Electric adopted a new evaluation method based on quality engineering (QE). The method involves verifying whether individual products function correctly and is effective, when used together with techniques for evaluating the consistency of functions in a short period of time, in preventing output of defective products. Education about QE provided to employees, besides teaching skills, fosters a strong commitment to preventing defects. Alps will continue these efforts to ensure customers receive products of the highest possible quality.



Basic training in QE for employees

| 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 anticipate consumer and market needs by preparing in advance products and technologies that customers may demand in the future.

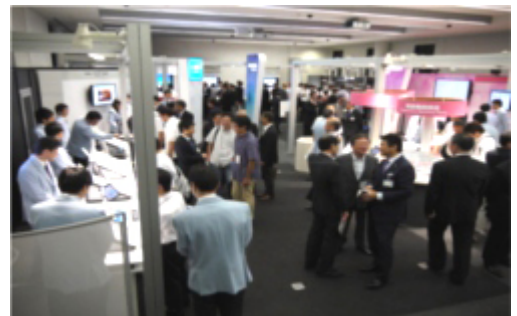
Our global sales personnel believe we can contribute to customers' business scenarios by communicating with them directly and therefore enabling us to make suggestions regarding products and technologies from a customer perspective. By realizing this concept, we aim to contribute to society through our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

Communication with Customers

Communication with customers is essential for product development today as a way of grasping each customer's approach to development of the entire final product and working together to make their vision a reality. Besides regular contact through sales personnel, we create opportunities for existing and prospective customers to learn about our products and technologies through communication at trade fairs and exhibitions.

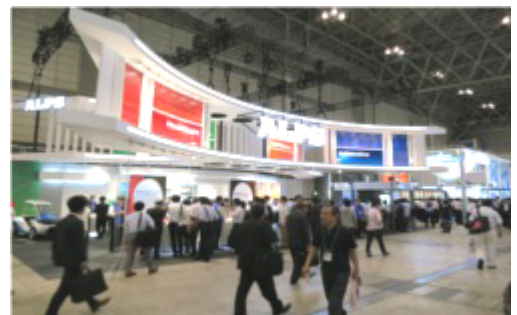
ALPS SHOW 2012

This biennial private exhibition is held to showcase our latest products and technologies in a single venue. It is a chance to show customers the results of our development activities and engage in communication to set the stage for development of new products and products in new areas.



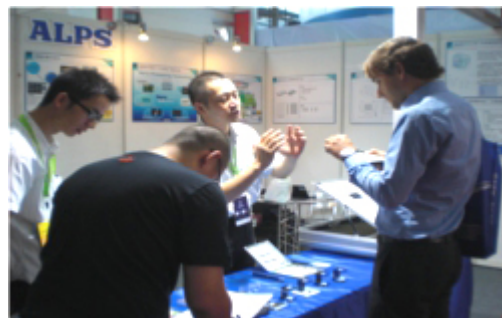
CEATEC JAPAN

Held annually in Makuhari Messe, Chiba, CEATEC Japan is a large exhibition that even members of the general public can attend. As many exhibitors, from electronics manufacturers to manufacturers of parts and materials, take part, Alps Electric views it as an opportunity to display our products and technological capability to visitors from a variety of circles.



Other Exhibitions

We also introduce our products and technologies to new markets. In addition, we conduct similar activities to communicate with customers in markets around the world.



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 frontline as quickly as possible, well-experienced employees provide new recruits with on-the-job training focusing on fundamentals. Sales personnel in their second year undergo group training giving them knowledge of the industry and the company. "Sales University", where experienced employees provide lectures, is held regularly to broaden employees' knowledge about products and market trends, as well as knowledge about overseas trade management, chemical substance regulations, laws and regulations in other countries, and supply chains, as they relate to sales activity. We also implement educational and practical training programs on subjects such as procured parts, molds and dies, and quality function deployment (QFD) for better understanding of the structure of each product.



"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.

Conflict Minerals

Armed conflict is being intensified as forces in the Democratic Republic of the Congo and neighboring countries (*1) gain access to large quantities of arms. These purchases are financed by the sale of cassiterite, gold, and other minerals used to produce rare metals which may have been obtained through inhumane activity such as mining using forced or child labor. A provision on conflict materials included in United States financial reform law enacted in 2010 defines these minerals as “conflict minerals” (*2) and obligates corporations listed on American stock exchanges to disclose information related to the use of conflict minerals in their products with the ultimate goal of eradicating the use of minerals that are “financing conflict.”

Alps Electric, while not obligated by the law, understands and agrees with the purpose of the law from a human rights perspective and acts based on a policy of not purchasing or using minerals “financing conflict” sourced from the Democratic Republic of the Congo or neighboring countries. With the cooperation of suppliers, we are determining if any such minerals are contained in existing products and establishing a framework to ensure they are not used in new products.

(*1) South Sudan, Uganda, Rwanda, Burundi, Tanzania, Zambia, Angola, the Republic of the Congo, and the Central African Republic

(*2) Columbite-tantalite (coltan), cassiterite, gold, wolframite, or their derivatives (tantalum, tin, gold, and tungsten)

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 based on trust with suppliers who offer outstanding performance in terms of quality, delivery, price, technology, and environmental considerations. Viewing our suppliers as professionals in their respective fields, we create opportunities for communication in order to build “win-win” relationships founded upon shared strengths.

In fiscal 2012, “engineering exchanges” were again held on an occasional basis in order to promote sharing of information about new products and technologies. Occasions for information exchange were also held with major suppliers in Asia and Europe as we seek to establish solid partnerships with suppliers worldwide.



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

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 a Vice Chairman of JEITA, Alps Electric sits on the Policy and Strategy Board, the Electronic Components Board, the Environment Committee, and the Technical Standardization Committee where we participate in finding solutions for industry-wide issues and establishing standards. We also participate in the Green IT Promotion Council where we collaborate in measures for preventing further global warming through using IT electronics technology. In addition, we are involved in technological innovation and the passing down of technical knowledge by participating in many external organizations and committees, including the Communications and Information Network Association of Japan (CIAJ), and Japan Auto Parts Industries Association (JAPIA).

| Partnership with Customers

Contributing to Society

Alps Electric engages in social contribution activities in line with an activity policy and action guidelines based upon the Alps Philosophy.

The activity policy calls for efforts to realize sustainable development together with society. Activities are pursued in four main areas: environmental preservation; social welfare and disaster relief; contribution to the local community; and support for education. Seeking social and environmental harmony as a crew member of “Spaceship Earth”, we endeavor to contribute to society through our business activity and the actions of each individual employee.

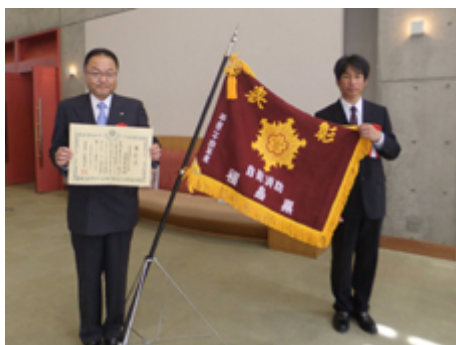
The action guidelines state that the activities we promote must be sustainable, have the understanding and backing of employees, be relevant to Alps’ mottainai and monozukuri concepts, contribute to nurturing of our human resources, and satisfy the expectations of communities and society as a whole.

Environmental Preservation Activities

In addition to caring for the environment through our corporate activities, environmental preservation activities 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 their homes and local communities.

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 does not stop 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.



The fire-fighting team of Onahama Plant (Fukushima Prefecture) received a Fukushima fire and disaster prevention flag awarded to outside organizations from the prefectural governor at the prefecture's fire and disaster prevention meet



Wakuya Plant (Miyagi Prefecture) received the Chairman's Award from the Japan Vocational Ability Development Association (JAVADA for efforts to nurture skills examiners and other skills development promotion initiatives. An employee also received a certificate of appreciation from the Vocational Ability Development Association of Miyagi for his contribution to skills examinations in the prefecture.

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.



Summer festivals are held at business locations in Japan to promote interaction with employees' families and local residents



Alps Electric Czech, s.r.o. sponsors local events helping to develop creativity among children

Support for Education

Alps Electric's origins lie in monozukuri. Passing down the wonders of monozukuri (encompassing all aspects of product creation) 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 sustainable development of society. Under the motto "Contributing to society through monozukuri," we incorporate monozukuri into all of what we do.



Co-hosted with Ota Ward, the Monozukuri Science School conveys the joys of monozukuri to future generations. More than 1,000 children have taken part since the program started in November 2003.

| 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
Intellectual Property & Legal
Corporate Export & Import
Administration
Junichi Umehara

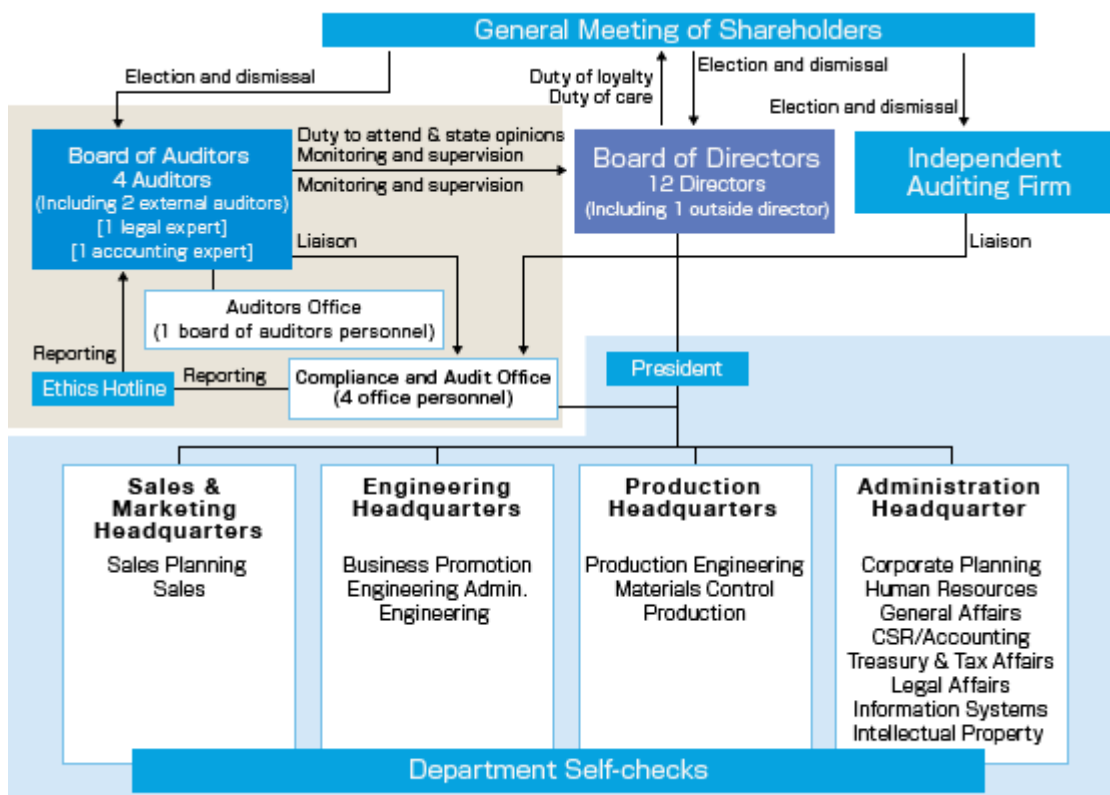
| Fair Management

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 Structure

Alps Electric’s Board of Auditors, internal auditing departments and independent auditing firms coordinate with one another to monitor and supervise the company’s operations enabling fair and honest management and therefore ever-improving corporate value. The Board of Directors gathers once a month for regular meetings but is agile and can assemble whenever required to thoroughly deliberate and pass resolutions on all important managerial matters. An independent outside director is appointed as part of checks in place to ensure that directors’ performance of duties complies with the law. In order to improve internal controls, we have revised standards on submission of items to the Board of Directors and have enhanced screening of items prior to discussion or reporting in meetings of the Board of Directors by requiring corporate staff to examine legal compliance and conduct financial assessments.



Corporate Governance Structure

| Fair Management

Compliance

To achieve fair management, Alps Electric makes a constant effort to ensure compliance; in other words, to act in accordance with the purpose of the law, social requirements and corporate ethical standards. The important idea here is that it is not sufficient to simply go through the formalities of observing laws and rules. We must commit to taking appropriate action of our own accord based on an accurate understanding about why those laws and rules are necessary—their purpose and significance.

Given this view, the Alps Group Compliance Charter was established as a clear statement of the fundamental compliance philosophy shared by the entire Alps Group. The core companies of each business segment (automotive infotainment segment: Alpine Electronics, Inc.; logistics segment: Alps Logistics Co., Ltd.) globally deploy specific measures based on the Compliance Charter within the contexts of their respective business domains.

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.

Initiatives at Alps Electric Co., Ltd.

As the core company of the electronic components segment, Alps Electric established a set of specific compliance regulations to build upon the Alps Group Compliance Charter.

This initiative goes beyond the development and introduction of rules and systems.

Importance is placed on ensuring that those rules and systems function properly and effectively by encouraging individual employees, who actually engage in the operations, to commit to taking action of their own accord based on a specific understanding of the importance of compliance.

Specifically, we make ongoing efforts to maintain internal controls ensuring that the company is managed and operations are executed legally and appropriately; to monitor the activities of company departments and related companies through internal audits; to ensure early discovery and correction of unlawful activities, misconduct or other compliance infringements through operation of an internal whistleblowing system (Ethics Hotline); and to raise awareness among employees, for example by disseminating compliance information through training and in-house communications.

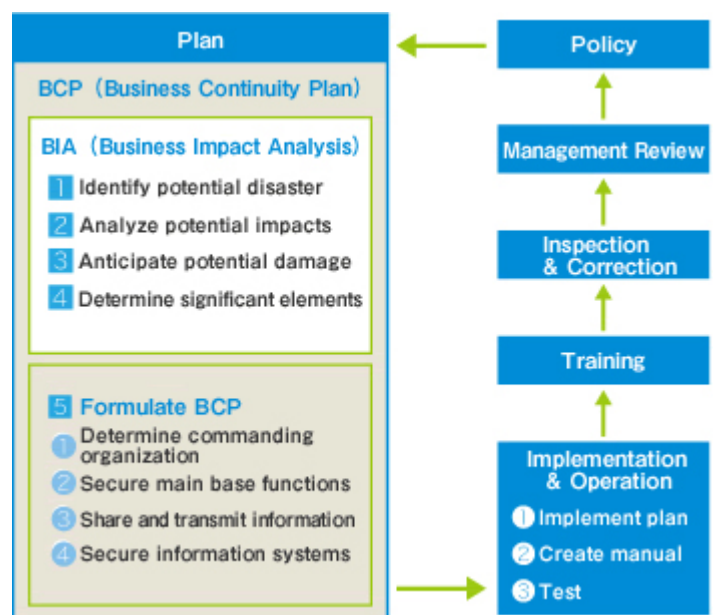
Fair Management

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 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.

Business Continuity Planning and its Progress

Alps Electric approaches risk management, viewed as a significant managerial issue, from a business continuity management perspective. Specifically, we identify risks that may disrupt business operations when sudden disasters, such as earthquakes and fires, occur, and examine their potential impact on business. This analysis pinpoints high-priority risks for which measures for prevention, protection and recovery are subsequently established within a business continuity plan (BCP) intended to minimize impact. BCP effectiveness is evaluated regularly and revisions are made as required.



Business Continuity Management (BCM)

A BCP was put into effect immediately after the Great East Japan Earthquake in March 2011. Within two weeks, operations had been restored at all production plants. Lessons learned from the experience have been incorporated into a BCP review in order to enhance business continuity management.

Third-Party Evaluation of Risk Management

Alps Electric received an “A” rating for business continuity management (BCM) in 2012 from the Development Bank of Japan (DBJ). The BCM rating, an evaluation of a corporation’s disaster preparedness and measures to ensure business continuity, recognizes systems for managing business continuity risks across the entire Alps Electric Group, including at overseas affiliates. It was our second “A” rating in as many years, having received one in 2011.



Measures for New Types of Influenza

Besides drawing up business continuity plans (BCP) to be put into effect after an accident or natural disaster, Alps Electric has started formulating a BCP for implementation in the event of a disease epidemic. If a pandemic were to break out, we anticipate that a large number of employees would be unable to come to work, and so we are looking at how to sustain supply chains in such a situation.

With respect to the various new types of influenza identified in recent years, we are putting together flexible plans that take into account actual circumstances, such as the area of the outbreak, evidence of infection and virulence. This will allow appropriate action to be taken according to the level of contagion, beginning with warnings to employees in the early stages of an outbreak.



“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. The security measures also allow the company to operate safe information networks and systems. The Information Systems Department, in conjunction with other departments, establishes relative regulations, proposes training plans for information security, and is committed to working with information officers from all departments to implement security measures company-wide.

Basic Policy on Information Management

Alps Electric recognizes it has a social responsibility to rigorously manage customer and supplier information (including private information about individuals) as classified information together with its own information. As basic policies, we maintain that we will not inappropriately disclose information to parties outside the company; that we will not use information for non-business purposes; and that, except in special circumstances, we forbid unrelated personnel (personnel outside the department managing the information) from taking away information. These basic policies are included in a set of information management regulations that applies to all electronic components segment companies in Japan and overseas and is made known to the entire workforce from directors down to regular employees.

Global Deployment and Self-Checks of Information Security Measures

Alps Electric recognizes that information security measures need to be deployed and effectively maintained by all places of business, both in Japan and overseas. Prior to 2008, individual bases formulated their own guidelines for information security measures. But in fiscal 2009, a set of Alps-wide information security management regulations were established and deployed at all business sites in Japan and overseas. Measures consistent with local laws and business conditions are implemented to prevent information leaks.

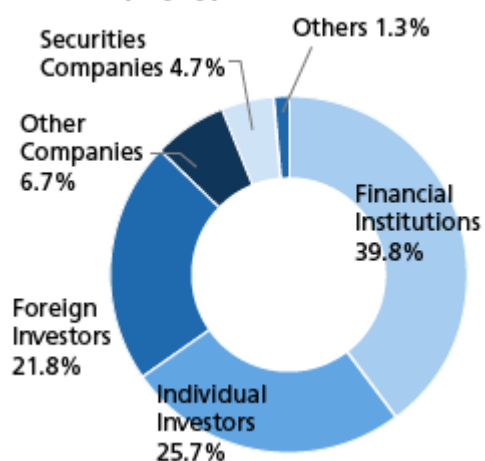
In addition, all companies in Japan and overseas annually conduct self-checks and make improvements to ensure that information security measures remain effective. Each business site reports on information security self-checks to the Information Systems Department at Alps Headquarters. Information security is then evaluated from an Alps-wide perspective and stronger measures for preventing information leaks under the current environment are formulated and deployed. These activities provide assurance of the effectiveness of information security measures across the entire electronic components segment.

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 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)	13.33%
The Master Trust Bank of Japan, Ltd. (Trust account)	8.28%
Toshiba Corporation	2.24%
Mitsui Sumitomo Insurance Co., Ltd.	1.98%
Mitsui Life Insurance Co., Ltd.	1.98%

*As of March 31, 2013

Fair Information Disclosure

Alps Electric, in accordance with laws and regulations, appropriately discloses information such as our financial results, annual security reports and other documents as required. We post disclosed information immediately onto our website, which also regularly displays other news and information concerning new products and business initiatives. We clearly explain our business results and present information on new products and technologies to our stockholders through the Alps Report which is sent out four times a year in conjunction with our quarterly business results.



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 the company. At our annual General Meeting of Shareholders, explanations of business matters are clear and detailed, key products are put on display, and a social function is held allowing personal interaction. To improve convenience and transparency for shareholders, Alps holds its meeting on a date that enables the greatest potential for attendee numbers, and results of shareholder voting during the meeting on submitted proposals are disclosed as regulated since 2010. Quarterly earnings briefings are also held for institutional investors, securities analysts and members of the press. Institutional investors overseas, particularly large shareholders, are visited once or twice a year in order to provide similar briefings.



Earnings briefing for institutional investors, securities analysts and members of the press

Briefings for Shareholders and Investors

We arrange opportunities for direct talks with shareholders and investors in order to deepen their understanding of Alps Electric. In September 2012, we invited individual shareholders to our biennial private exhibition, the Alps Show, and held a briefing for them. On the day, the director in charge of investor relations provided a clear explanation of business conditions and performance, and questions were fielded from attendees, a number commenting that their understanding of Alps had improved. A briefing was also held for analysts and institutional investors during the period of the Alps Show. Attended by around 50 people, the occasion was very worthwhile.



The director in charge of investor relations briefs individual shareholders on business conditions

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 create interactive workplaces and opportunities for individuals to challenge themselves while pursuing 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. For that reason, in addition to developing programs and various infrastructure for in-house interactive communication, Alps has made efforts to prepare a workplace that allows for mutual exchange, self-fulfillment and self-development, and enables employees to share the “One Alps” spirit and sense of unity.

Ever since Alps was established, we have sought to maintain a family-like work atmosphere where employees are passionate about all that they do, and we encourage all employees to “Work Hard, Study Hard and Play Hard.” We hope our employees inherit this part of Alps’ DNA, and challenge diverse fields of work, study and play, displaying their individual characteristics through team work, and polishing their human appeal.



Senior Manager,
Human Resources Department

Masashi Imai

| 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 global Alps Electric.

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.

Using management by objectives, employees are evaluated and rewarded in relation to the goals they establish with their manager, and careful consideration is given both to the process in which they accomplish their goals as well as the actual results.

These systems provide an environment where each employee can take on higher-levelled 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. Middle to senior managers at overseas affiliates are eligible. Program participants work in Japan for two years to learn about the unique Alps culture, which is essential for future leaders of the company. By the end of fiscal 2011, 26 employees from overseas had either completed the program or were still in Japan on the program.

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 2005, Alps Electric has been working with overseas affiliates to develop IAP, and as of this year a total of 86 members from countries including the Czech Republic, Germany, the United States, Ireland, Malaysia, France, the United Kingdom and Sweden have come to Japan on this program.

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

| 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.

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

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-examine 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 feedback from participants is very positive, and consecutive seminars are proving to be very popular. Alps is now arranging 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 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, rapid decision-making is increasingly required by our customers around the world, overseas affiliates, and Alps Electric's sales, engineering, and development departments. However, our Headquarters had been plagued by a variety of problems including 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.

Our aim was to develop a competitive workplace when we rebuilt our Headquarters building in 2008. Under the keywords "Communication" and "Speed," we reformed our teleconferencing system, improving it to allow forty business locations around the world to connect simultaneously. The sound and picture quality of the system have improved, enabling reference materials and speakers' video on both sides to be transmitted and received very smoothly. More employees have been taking advantage of the new system as it allows for easy booking and handling as well.

Teleconferencing is indispensable to us, and as such we encourage information sharing and rapid decision-making through interactive face-to-face communication as Alps continues to pursue productivity improvements through swift communication.



Mobile teleconferencing system operable regardless of location

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 among the entire Group. 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. We also distribute a separate newsletter focusing on managerial messages to all Alps Electric employees and publish its English version called *Alps Globe* for our overseas subsidiaries. We first published *Alps Globe* on paper in 1991 but decided to begin distributing it in electronic form instead in 1999. *Alps Globe* comprises a selection of articles taken from the Japanese newsletter mentioned above and includes managerial information and Group-oriented topics that are relevant to our global locations.

AlpsGlobe

MONTHLY News Flash for ALPS Management Information Vol.23 No.3 March 2011

The 2011 off the Pacific coast of Tohoku Earthquake Affects 7 Alps Plants – Efforts Underway For Swift Resumption

Following the 2011 off the Pacific coast of Tohoku Earthquake, which struck Japan on March 11, operations were suspended at seven Alps facilities — Parakewa Plant, Kusakura Plant, Wakaya Plant, Katsuda Plant, Oshikawa Plant, Taira Plant and the Sewda R&D Center.

In an emergency address on the morning of March 14, President Katoh said the company would place top priority on making sure employees were safe and arranging delivery of emergency supplies.

President Katoh's entire speech can be read on the "Disaster Response Information" News bulletin board (Date: 2011031409275120058F8B7AAC7D56CA3FD84B432163BE0001043F3389F18FF09543A402783000CE3F6).

As of March 21, operations have already resumed at all plants in the region including the R&D center.

Importance of Examining the Enormous Implications of the TPP for Japan



I gave my previous morning address at Nagasaki Plant. When I arrived in Nagasaki I found a completely white landscape before my eyes as it had snowed just the night before. It was a wonderful sight for someone like me who lives in Tokyo, but local people seem to be finding snow removal quite a burden this winter.

After my address at Nagasaki Plant, I traveled to Alps Malaysia (ALMA) where I visited both the 30kai and 40kai plants over four days. During my previous visit in August 2010, my impression was that the plants were lagging in many areas, including 5S. This time, however, I noticed tremendous improvements have been made thanks to ALMA's own efforts and the support of various departments at ALIP. Times are tough for ALMA as work volume has yet to pick up, but I believe President Suzuki and his team will turn the situation around and improve ALMA's profitability.

I also traveled to Daanong Alps (DDA) and Daitan Alps (ALDL) over four days from February 13. Usually I visit China in July and November. This year I decided

to visit in winter to experience first-hand the extreme cold which all local personnel and expatriate staff from Japan have to face. The day I arrived in Daanong from Vienna, the minimum temperature was minus 9°C and the maximum temperature minus 19°C.

At DDA, Suschi Shibuya recently took over from Akira Ito as president in July last year. Also from Japan, Mr. Okamura, Mr. Suzuki and Mr. Wakayama are currently working on stabilizing the overall production system and sales system, while Mr. Aota is training EF engineers and Mr. Onuma provides technical supervision for press and inspection units.

DDA's main function is the assembly of Alpine car audio prod-

Alps Globe



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 maintaining 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. In order to provide a working environment that reinforces mental health, since fiscal 2004, 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 Installing AEDs

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 an environment that allows all employees to work safely and securely.



Installed near workplaces and accessible in case of emergency

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

A 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 Headquarters 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

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

Promoting Employment of Individuals with Disabilities

Alps Electric places importance on ensuring that employees with and without disabilities work side-by-side and respect one another in the workplace. Since 2006, we have been setting company-wide employment targets for individuals with disabilities based on related legislation. Alps Electric's disabled persons employment ratio as of March 31, 2013, exceeded the statutory ratio of 1.8%, and we have set a target of over 2.0% for fiscal 2013. We will continue efforts to raise the disabled persons employment ratio and improve the work environment to ensure individuals with disabilities can fully demonstrate their talents.

Asbestos Control Measures

As an asbestos control measure, Alps Electric carries out inspections of all sections of company buildings where there is a risk of dust emissions. If asbestos is detected, it is removed or isolated or other action is taken as appropriate.

CSR Management

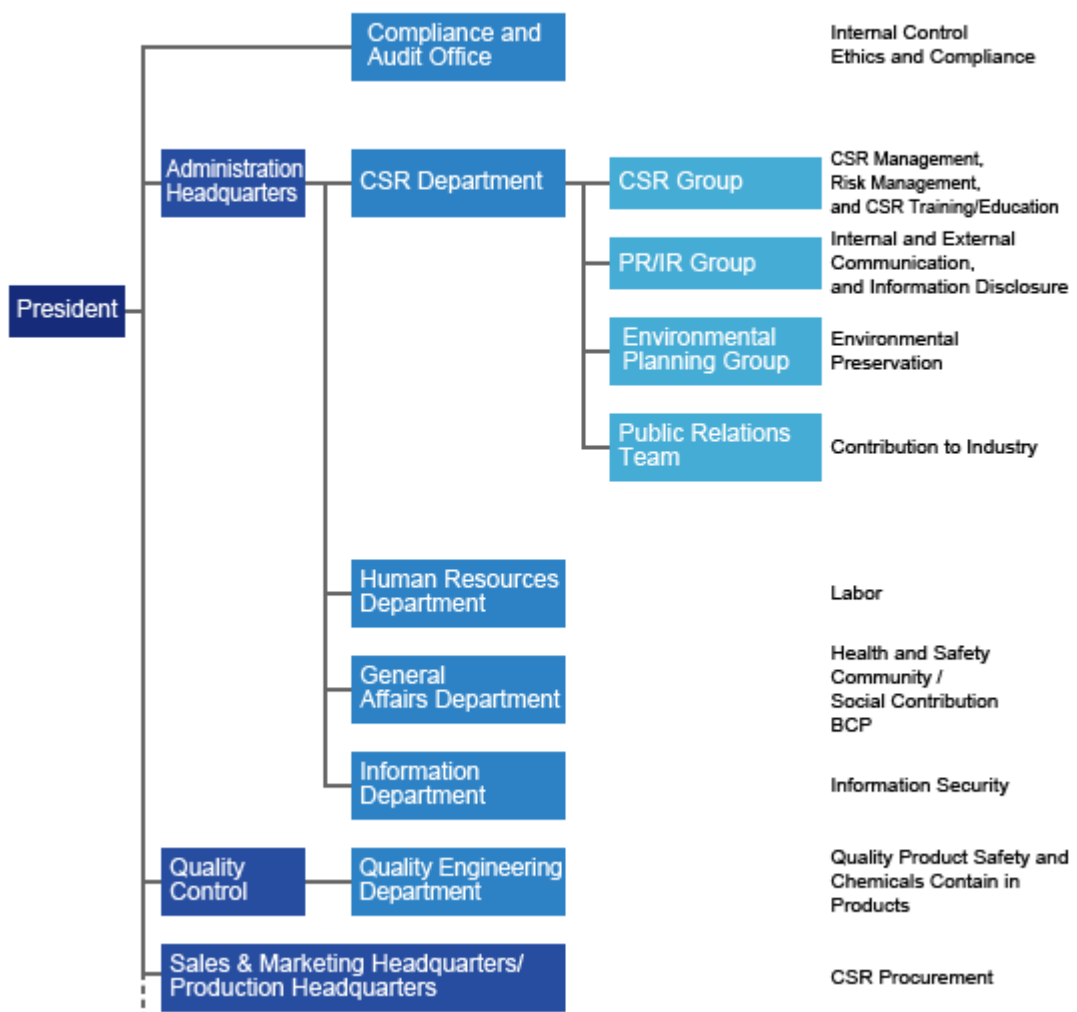
Integrating Business and CSR Activity

Alps Electric believes CSR is closely linked to business activity and that it is important to pursue CSR activity through business operations.

In fiscal 2013, the CSR Department is coordinating an enhanced joint effort by related departments to further integrate business and CSR activity in line with the 3rd CSR Mid-Term Plan, which was launched in April.

■ CSR Management Structure

[Dealing Issues]



CSR Management

CSR Mid-Term Plan and Summary of Activities

Alps Electric has been formulating CSR Mid-Term Plans every three years since 2006 in addition to annual targets and pursues CSR activity accordingly. Activity is currently being advanced under the 3rd CSR Mid-Term Plan, launched in April 2013.

In fiscal 2013, we will focus on meeting the global needs of society and strengthening business continuity planning and management initiatives.

3rd CSR Mid-Term Plan
Action Policy: Pursue CSR activity that earns stakeholder trust through sharing of even better value
Activity Themes ~ Earning the trust that we commit to through our brand ~
1. Actively disclose information and meet the needs of society <ul style="list-style-type: none">• Actively advance disclosure of corporate information and strengthen information security• Set out to meet the global needs of society (relating to conflict minerals, GHG emissions disclosure, etc.)• Ensure compliance with electronics and automotive industry guidelines and standards for CSR action
2. Support the creation of a low-carbon society <ul style="list-style-type: none">• Achieve objectives of the Seventh Medium-Term Action Plan for Environmental Preservation• Advance environmental education• Create green devices
3. Further strengthen risk management <ul style="list-style-type: none">• Strengthen BCP and BCM initiatives

■ FY2013 Activity Themes

Alps Electric will focus on the following 3rd CSR Mid-Term Plan activity themes in fiscal 2013.

FY2013 Priority Themes
1. Actively disclose information and meet the needs of society <ul style="list-style-type: none">• Actively advance disclosure of corporate information and strengthen information security• Set out to meet the global needs of society (relating to conflict minerals, GHG emissions disclosure, etc.)
2. Further strengthen risk management <ul style="list-style-type: none">• Strengthen BCP and BCM initiatives

■ 2nd CSR Mid-Term Plan Summary

Activity under the 2nd CSR Mid-Term Plan commenced in April 2010 and was affected considerably by the Great East Japan Earthquake of March 2011. Drawing from our experience of the disaster, Alps Electric is going to focus on firmly establishing business continuity planning and management frameworks so we can earn greater trust as a corporation.

Alps Electric extends its condolences and sympathies to the families of people who died as a result of the Great East Japan Earthquake and tsunami, and those affected by the disaster.

2nd CSR Mid-Term Plan (FY2010–FY2012)	
1. Revive brand power (brand: commitments fulfilled through ALPS logo and company name)	△
<ul style="list-style-type: none"> • Give employees confidence and pride Nurtured awareness and confidence about Alps' products by using the in-house newsletter and displays to communicate application examples. Increased understanding about Alps' products and technologies by allowing employees to attend the customer-targeted Alps Show. Employees gained confidence and pride after being shown messages (e.g. video letters) from customers expressing gratitude for quickly resuming operations after the Great East Japan Earthquake. • Earn the trust and favor of those outside the company Maintained the trust of customers, suppliers, shareholders and other stakeholders through quick resumption of all operations at all business locations affected by the Great East Japan Earthquake. Increased understanding about the company by inviting customers, suppliers, shareholders and employees' families to attend exhibits, such as the Alps Show (private exhibition) and CEATEC Japan, and to take part in events like tours of the new headquarters building. 	
2. Support the creation of a low-carbon society	△
<ul style="list-style-type: none"> • Foster a mentality of wanting to create green devices • Achieve objectives of the Sixth Medium-Term Action Plan for Environmental Preservation For the most part, achieved the objectives of the Sixth Medium-Term Action Plan for Environmental Preservation • Raise environmental awareness among employees and promote action Continued "eco-account book" initiative and publication of an environmental news bulletin. Published a bulletin on energy savings and introduced efforts by individual employees to encourage activity. Raised employee awareness by including a serial feature with environmental information in the in-house newsletter. 	
3. Set out to meet the needs of society	△
<ul style="list-style-type: none"> • Ensure compliance with electronics and automotive industry guidelines and standards for CSR action Improved compliance with CSR standards through improvements in areas specified in CSR audits. Requested supplier compliance with JEITA and EICC standards, improving compliance within the supply chain. • Actively advance disclosure of increasing amounts of corporate information Disclosed information when surveyed about rare earth supply concerns, supply chain risk, BCP and conflict materials. 	

○:Achieved △:Progressing well ✕:Behind