

Pursuit of Value (Products/Technology)



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Corporate Vision

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.

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 Business Approach

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

Pursuit of Value

We will constantly pursue new value creation.

Harmony with Nature

We will seek harmony with the Earth's natural 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 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 mechatronic, analog and other technologies to create new, sophisticated, high-quality and high value-added devices, modules and system products in our ongoing pursuit to perfect the art of electronics.

This perfection of products is founded upon three core values, Right, Unique, and Green. “Right” products are light, compact, made with highly sophisticated technology, have the right appearance at the right price, and possess the right functions, performance and quality. “Unique” products display Alps’ creativity and originality, and “Green” products exhibit environmental consideration over their entire lifecycles, including their recyclability and energy efficiency when used in final consumer products.

A market-oriented 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
Engineering & Quality Control
Toshihiro Kuriyama

Pursuit of Value

Creating Value to Benefit Low-Carbon Societies

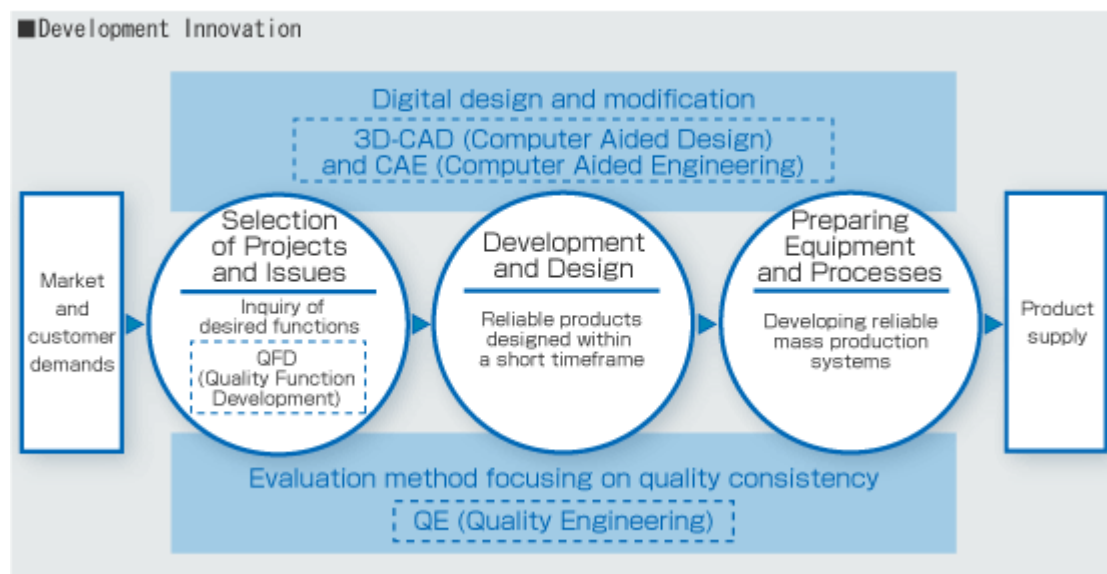
Alps Electric is making company-wide efforts to cultivate its “green device” business in order to benefit low-carbon societies. A part of these efforts has led to the formation of Alps Green Devices Co., Ltd., a corporation established on May 17th, 2010 with the Innovation Network Corporation of Japan (INCJ) to develop compact power control devices and highly efficient power conversion devices. By applying the magnetic powder material Licalloy™ and thin-film process technology, the company has developed unique reactors and power inductors with low power loss. It also offers uniquely structured compact current sensors that can be used in smart meters and hybrid / electric vehicles. The new green devices company will seek open innovation as the entire Alps Electric Group aims to become the global standard in green devices.

Creating New Value

The electronics industry is ever-changing; and to remain competitive, companies must constantly develop and market cutting-edge products. Customers have diverse requirements, and among them, consistent quality is especially important. Minimal lead times in product development are also essential in order to remain competitive in markets that change so often. However, insufficient time allocation to designing and testing may also result in products of inadequate quality being released into the market. To solve this dilemma, Alps Electric in fiscal 2002, created a development process termed “*ippastu-kando*” which conceptualizes manufacturing products that work perfectly the first time. In short *ippastu-kando* means to provide products consistent in quality. To implement this concept Alps Electric employs various methods which utilize Quality Engineering (QE).

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

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



Initiatives in Fiscal 2008

Evaluating Product Performance off the Production Line

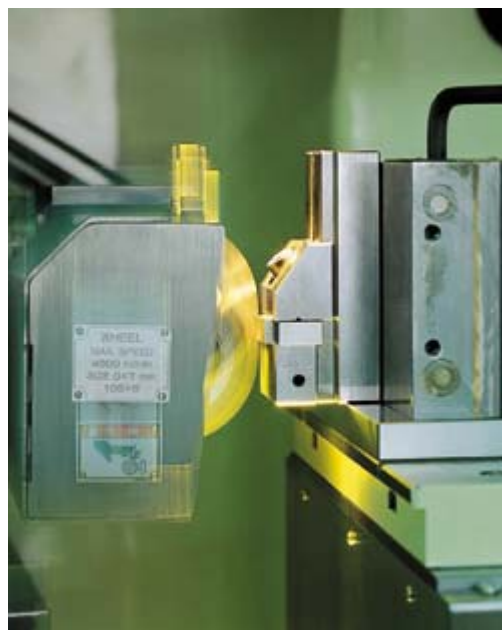
During the final phases of development that precede mass-production, quality assurance departments need to carry out evaluations. The departments must examine products thoroughly for reliability in the shortest time possible to make sure that all customers will be satisfied. In the past, Alps Electric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



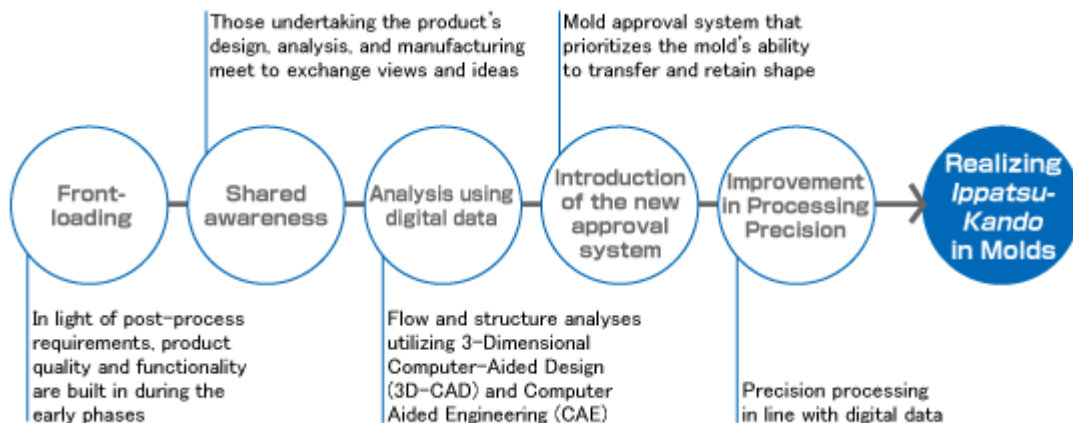
Evaluating reliability through designated tools

Realizing Ippatsu-Kando in Molds

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

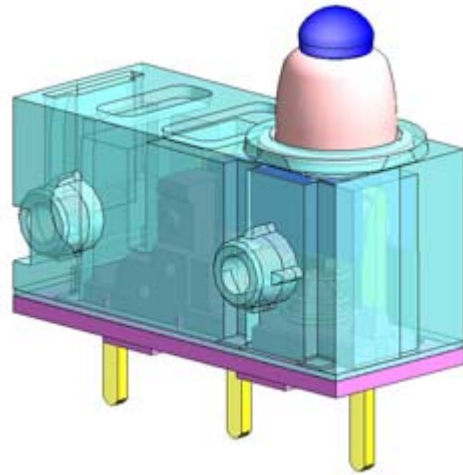


Grinding process in mold manufacture



Shortening Product Development Time and Realizing Functional Stability

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



3D-CAD diagram of a switch

Pursuit of Value

Perfecting the Art of Electronics

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

The Art of Electronics

The term "art of electronics" embraces three values that characterize Alps Electric's products.

Right

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

Unique

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

Green

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

Developing Products to Meet Customers' Needs

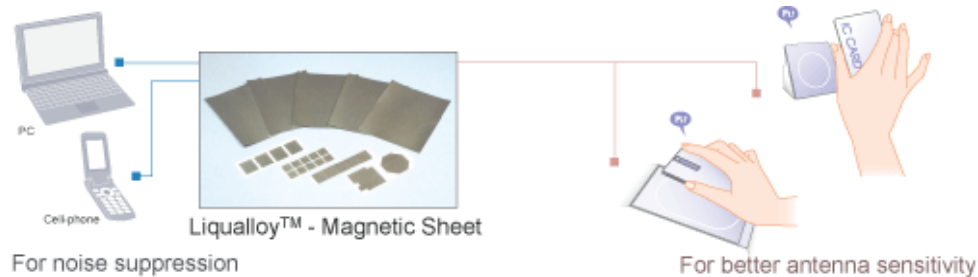
In our daily lives, we are surrounded by various kinds of radio waves used for broadcasting and communication with television and mobile phones. The condition in which these radio waves interfere with each other causing communication problems such as difficulty in receiving proper data between devices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

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

Recently, as integrated-circuit components become faster and more efficient the problem of heat generation has been unavoidable, and thus we have added Heat Conducting Magnetic Sheet Licalloy™, which has both heat radiation and noise suppression functions, to our product lineup. We will continue to support the digital society through utilizing our proprietary technologies to develop products that use this magnetic material.

(*1) Suica™ is a trademark of East Japan Railway Company.

(*2) OSAIFU KEITAI™ is a trademark of NTT DOCOMO, Inc.

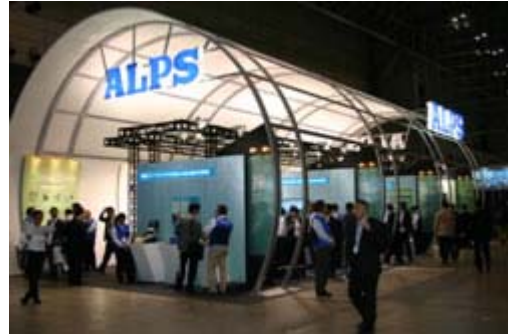


「CEATEC JAPAN 2009」

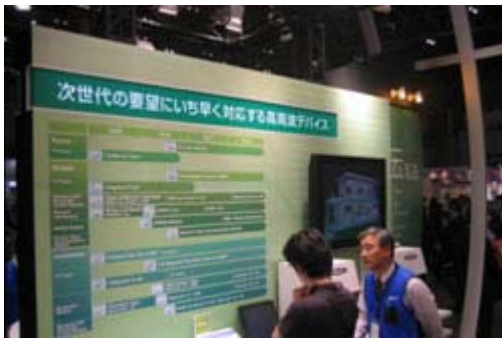
Each year, Alps Electric participates in CEATEC JAPAN, a trade show featuring various electronics and electronic components manufacturers. Attendees of the show can directly experience Alps products, providing an opportunity both for them to understand Alps products and technology, and for Alps to listen to their questions and comments.

Under the concept of “products and solutions to realize a suitable user interface” Alps exhibited product displays at the 2009 show under five categories: “Touch”, “Connect”, “Color”, “Sense” and “Communicate”.

The “Communicate” category demonstrated the potential in using the human body’s electric field as a communication medium, offering a new style of communicating in the near future. Further, Alps introduced specific products such as power reactors for hybrid and electric vehicles, and new current sensors for secondary batteries as “green devices” designed to realize a low-carbon society. We received many valuable comments from visitors to our exhibit and at the same time we were able to share about Alps’ core technology and product value. We are using this feedback in product development to create products with even greater value.



Alps' booth at CEATEC JAPAN 2009



Conveying Alps' core technology and product value while also listening to customer voices

Harmony with Nature

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

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

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

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



Managing Director
General Manager
Administration Headquarters
Seishi Kai

Harmony with Nature

Environmental Management

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

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

The Alps Group Environmental Charter

Basic Philosophy

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

Action Program

Placing priority on environmental preservation, we at Alps will:

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

Environmental Management System

Alps recognizes that ISO 14001, the international standard for environmental management systems, is an important criterion in environmental management. 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.

After implementing our first action plan for environmental preservation in 1994, we have since formulated medium-term plans every three years, and in addition every site creates and implements their own independent plans as well. Fiscal 2009 marked the beginning of environmental activity based on our Sixth Medium-Term Action Plan for Environmental Preservation



An audit in progress by a third party auditor

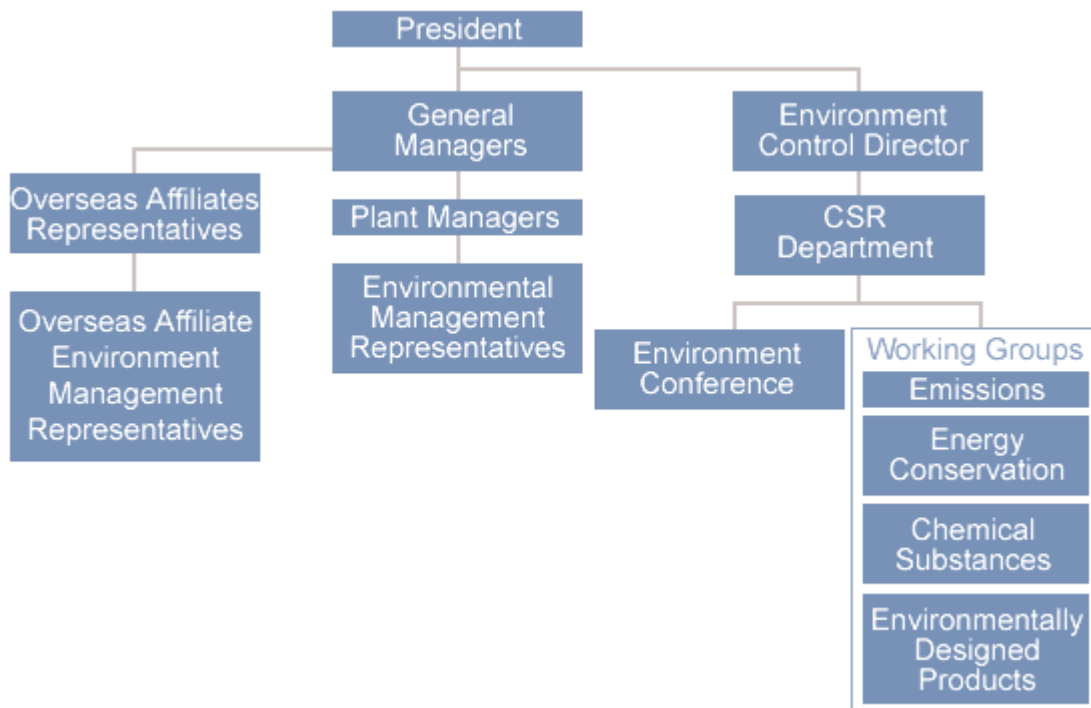
Legal Compliance

Part of Alps Electric's commitment to, and full compliance with laws and regulations related to the environment includes a voluntary standard that is more stringent than legally required in each country. Alps Electric was not the subject of any environmental fines or legal actions, nor the cause of any accidents throughout fiscal 2009. However, our Kakuda Plant did receive two noise complaints from surrounding residents and we have since dealt with the causes accordingly.

Environmental Management Structure

Policies and measures regarding environmental management at Alps Electric are first discussed in the Environment Conference which consists of site representatives, and are then reviewed for approval by the Environment Control Director. Approved policies and measures are deployed to domestic sites via the Environment Conference, and implemented at overseas sites via representatives and environmental management representatives of overseas affiliates. The CSR Department run the Environment Conference and is positioned under the supervision of the Environment Control Director in order to implement environmental management, which includes planning company-wide measures and collecting relevant information. The Department is also responsible for overseeing the "working groups" which are organized to examine specific issues, such as global warming and waste management.

Environmental Management Structure (as of June 2010)



Environmental Education

In April 2008, using the company intranet system, Alps Electric began to conduct “e-learning” programs under the theme of global warming. Headquarters also conducts environmental training for new recruits and new managers according to their qualification grades.



Environmental training for new managers

Employees at each plant receive environmental training specific to their jobs, and technical training such as the one given to internal environmental auditors. Off-shore production facilities implement their own programs to provide effective training that corresponds to the local regulations and customs.

Educating Employees Using the Company’s Intranet

Alps Electric has prepared a space on its intranet for employees to take quizzes about current environmental concerns. The quizzes use examples of action that employees can take in the home to help reduce environmental burden, for example switching from normal lighting to LED or fluorescent bulbs. Alps hopes that these quizzes will encourage employees to consider the environment during their everyday lives and take action to help reduce their environmental burden.

CSR部 環境G MOTTAINAI (No.77)
2009年_10月号
[我が家に省エネナビがやって来る]

※回答本欄に記入後、右欄に「1」(半角)を入力して下さい。

回答結果	0
氏名	

語句： 1. 朝シャワー 2. 家族 3. 変更 4. 数字 5. 20%
 6. 意識向上 7. 省エネ目標 8. 見える化 9. EOCJ 10. 電力使用料金表示システム

回答欄:	A	B	C	D	E	F	G	H	I	J
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回答欄: 回答ありがとうございます。“一言コメント・感想等”を記入して下さい。または、チェック欄 をクリックを御願い致します。

チェック欄 新知識 環境に関心 将来に希望 コスト低減を 身近な貢献

コップ記入

省エネナビ [我が家に省エネナビがやって来る]

今月(10月)は「省エネナビ」をご紹介したいと思っております。既に発売もされており、装填(PC利用)された新築物件等もある様です。普及するにつれ、販売価格が下がり、取り付け設置料等々の課題もあるかと思いますが、現在、政府・自治体及び電力・ガス企業等が普及に向けて諸活動を行っております。

今回、私は横浜市青葉区の省エネナビモニター(名:青葉区ガイド)に応募、抽選の結果、みごと当選(7月)。省エネナビが我が家(青田)にやって来る事になりました。

実際に先立ち期待する効果をもとめながら、今月の問題とさせていただきます。

なお、実施結果については、モニター期間終了後、御報告させていただきます。

モニター期間は、第2期の11月2～来年1月8日迄の約2か月間と第3期の予定です。

省エネ実践1 区民モニター

公署で実施した区民モニターの結果に、実際の電気消費量や二酸化炭素排出量が一目でわかる個別省エネナビ(第2期)を出して、エコライフを実践していくたいです。モニター期間終了後は、区民モニターの結果の電気消費量や二酸化炭素排出量ホームページ上でお知らせします！

青葉区ガイド

青葉区民モニター(区民モニター)を実施します！

実際の電気消費量や二酸化炭素排出量が一目でわかる個別省エネナビ(第2期)を出します。

【モニター期間終了後】11月2日～1月8日迄の約2か月間と第3期の予定です。

A quiz for employees in Japan

Disseminating Information with Company Publications

In April 2008, our monthly internal newsletter began to carry our total monthly volume of CO₂ emissions and CO₂ emissions per unit of output of all the domestic production facilities. The aim is to encourage employee attention to the environment through regular information on environmental conservation.

Furthermore, our group magazine —“Alps”— which is distributed to the employees of all Alps Group companies, gives employees a chance to read about environmental issues by presenting information like the government’s “Challenge 25 Campaign” and featuring individuals who have obtained environmental certification. We also provide Group employees with an “environmental household log” to check their CO₂ emissions from home.



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

Harmony with Nature

Environmental Accounting

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

Environmental expenditures and investments for fiscal 2009 decreased from the previous year due to economic conditions and other factors. A decrease in gain on sales of materials in fiscal 2009 can be attributed to an actual decrease in materials volumes for resale due to production fluctuation and a sharp fall in prices in the materials market. However, efforts in reduction of energy use have contributed to an overall rise in economic benefits.

(*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 2009 (Coverage: Alps Electric)

Unit: million yen

Category	Main Objective	Investment		Costs	
		'08	'09	'08	'09
Operating costs	Pollution prevention Global warming abatement	413.2	41.6	380.1	288.4
Upstream and downstream production costs	Green procurement, Database for Chemical Substance Management	17.2	0.0	159.3	82.8
Administration costs	ISO 14001 certification maintenance	0.0	0.0	143.1	110.4
R&D costs	—	0.0	0.0	21.3	12.0
Social contribution costs	Community cleanup activities	0.0	0.0	12.4	5.8
Environmental restoration costs	Remediation of soil and groundwater	2.5	0.0	1.7	20.6
Other costs	—	0.0	0.0	0.0	0.0
Total		432.8	41.6	717.8	520.1

(*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 2009 (Coverage: Alps Electric)

Unit: million yen

Category	Value	
	'08	'09
Profit on sales of materials	951.0	522.0
Cost reductions due to energy saving	110.2	213.8
Total	1061.2	735.8

* 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.

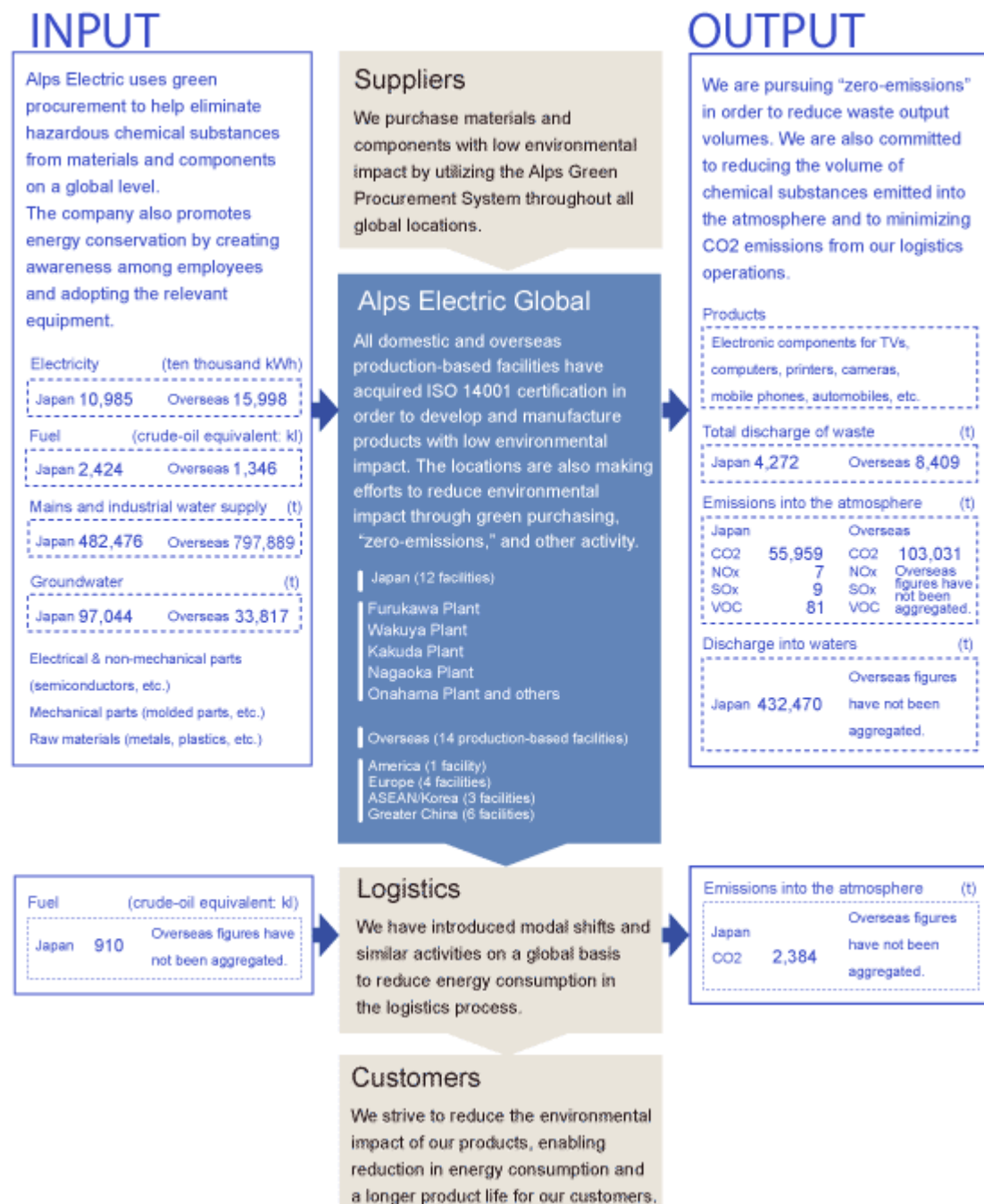
Harmony with Nature

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



Harmony with Nature

Material Balance (Site Reports)

Material Balance Data by Plant

Major Domestic Business Locations

Major domestic business locations	Electricity (ten thousand kWh)	Fuel (crude-oil equivalent) (kL)	CO ₂ emissions (t)	Water consumption - domestic mains (t)	Waste discharge (t)	VOC emissions into atmosphere (t)
Furukawa Plant	1,918	598	10,275	91,717	1,141	19
Wakuya Plant	1,536	278	7,703	24,529	826	12
Kakuda Plant	1,454	420	7,701	47,711	1,037	1
Kitahara Plant	506	22	2,345	9,301	93	0
Nagaoka Plant	3,353	405	16,259	214,482	440	44
Soma Plant	595	68	2,865	17,499	248	1
Onahama Plant	425	27	1,996	18,387	142	2
Taira Plant	642	302	3,693	19,655	271	3
Sendai R&D Center	254	301	1,747	20,549	21	0
Headquarters	217	4	989	10,792	64	0
Total	10,900	2,424	55,574	474,622	4,284	81

Major Overseas Business Locations

Overseas production bases	Electricity (ten thousand kWh)	Fuel (crude-oil equivalent) (kL)	CO ₂ emissions (t)	Water consumption (t)	Waste discharge (t)
Alps Electric Korea Co., Ltd.	1,745	183	7,022	15,707	1,158
Alps Electric (Malaysia) Sdn. Bhd.	2,934	92	12,621	310,398	1,394
Dandong Alps Electronics Co., Ltd.	277	53	2,326	30,264	59
Dalian Alps Electronics Co., Ltd.	2,340	107	18,732	72,890	2,641
Tianjin Alps Electronics Co., Ltd.	1,278	69	10,262	80,553	198
Shanghai Alps Electronics Co., Ltd.	239	3	1,891	18,656	12
Wuxi Alps Electronics	2,675	168	21,533	161,300	927
Ningbo Alps Electronics Co., Ltd.	1,548	156	12,621	76,752	416
Alps Electric (Ireland) Limited	505	109	2,892	4,441	351
Alps Electric (UK) Limited	43	21	296	1,713	1
Alps Electric Europe GmbH, Dortmund Plant	391	224	1,972	2,419	306
Alps Electric Czech, s.r.o.	331	127	2,049	4,142	222
Alcom Electronics de Mexico, S.A. de C.V.	1,692	34	8,817	18,654	725

Total	15,998	1,346	103,031	797,889	8,409
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The GHG protocol's coefficient has been used to convert purchased electricity volumes into CO₂ values.

Data on Substances Subject to PRTR Law

Furukawa Plant

(Tons / Year)

Substance	Volume Used	Volume Emitted		Volume Transferred	
		Air	Water	Sewage	Transferred to Subcontractors
Inorganic cyanide compounds	1.1	0.0	0.0	0.0	0.0
Nickel	0.6	0.0	0.0	0.0	0.0
Nickel compounds	0.5	0.0	0.0	0.0	0.0
Silver and its water-soluble compounds	1.2	0.0	0.0	0.0	0.0
Lead and its compounds	1.8	0.0	0.0	0.0	0.0
Xylene	0.7	0.5	0.0	0.0	0.2
Toluene	6.7	5.1	0.0	0.0	1.6

Wakuya Plant

(Tons / Year)

Substance	Volume Used	Volume Emitted		Volume Transferred	
		Air	Water	Sewage	Transferred to Subcontractors
Inorganic cyanide compounds	1.6	0.0	0.0	0.0	0.2
Nickel	1.1	0.0	0.0	0.0	0.0
Nickel compounds	0.6	0.0	0.0	0.0	0.1
Silver and its water-soluble compounds	2.4	0.0	0.0	0.0	0.1
Lead and its compounds	0.3	0.0	0.0	0.0	0.0

Nagaoka Plant

(Tons / Year)

Substance	Volume Used	Volume Emitted		Volume Transferred	
		Air	Water	Sewage	Transferred to Subcontractors
Toluene	27.4	27.4	0.0	0.0	0.0

Soma Plant

(Tons / Year)

Substance	Volume Used	Volume Emitted		Volume Transferred	
		Air	Water	Sewage	Transferred to Subcontractors
Toluene	0.1	0.1	0.0	0.0	0.1

Onahama Plant

(Tons / Year)

Substance	Volume Used	Volume Emitted		Volume Transferred	
		Air	Water	Sewage	Transferred to Subcontractors
Silver and its water-soluble compounds	0.7	0.0	0.0	0.0	0.0

Taira Plant

(Tons / Year)

Substance	Volume Used	Volume Emitted		Volume Transferred	
		Air	Water	Sewage	Transferred to Subcontractors
Silver and its water-soluble compounds	1.7	0.0	0.0	0.0	0.7

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

Harmony with Nature

Environmental Plan

Environmental Management

Alps Electric has set specific quantitative goals for its management of chemical substances and reduction of waste and greenhouse gas emissions as part of its Sixth Medium-Term Action Plan for Environmental Preservation.

The Plan began in fiscal 2009 and in order to ensure consistency with the Company's Mid-Term Business Plan, its final year has been extended from 2011 to 2012 with some goals being altered accordingly. We have also added goals that were to be set during fiscal 2009.

Emission volumes of CO₂ from facilities continue to decrease but have not improved when calculated as emissions per unit of production output. We are making positive progress with most other goals.

Targets and Results for Sixth Medium-Term Action Plan for Environmental Preservation

Management

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

Objectives	Action Targets (FY2009-FY2012)	FY2009 Results	FY2009 Self-evaluation
Environmental management system	Strengthen collaboration and share goals with overseas production bases.	Shared action items with overseas bases	○
Actions for 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	Assessed eco-efficiency viability	○
Environmental communication	1) Periodical publication of environmental reports	1) Published CSR Report (on our homepage in June 2009)	○
	2) Information distribution via the Internet	2) Distributed information via our website	○
	3) Promote disclosure of environmental information of business locations	3) Currently examining information disclosure	○
Environmental education	1) Promote organized environmental education	1) Educated new employees and new managers	○
	2) Promote educational activities for employee households	2) Published educational information in the Company newsletter, Company magazine, intranet and other media.	○
	3) Examine and conduct global environmental education	3) Currently examining 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

Objectives	Action Targets (FY2009-FY2012)	FY2009 Results	FY2009 Self-evaluation
Design for the environment	1) Promote LCA	1) Published operating procedures, performed case studies and made data available	○
	2) Examination and trial of an environmental impact efficiency	2) Assessed viability of an environmental efficiency index	○
Reduction of hazardous substances	1) Establish a new management system for chemical substances	1) Currently constructing management system	○
	2) Maintain non-use of banned substances	2) Strengthened our in-house management system and revised the Alps Environmentally Hazardous Substance Control Standard to ensure compliance	○
	3) Reduce environmentally hazardous substances	3) Investigated and gained alternative technologies for exempted items	○
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

Objectives	Action Targets (FY2009-FY2012)	FY2009 Results	FY2009 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: 43.0% decrease from FY1990 (improvement) 1.7% decrease from FY2008 (improvement)	○
	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: 63.7t/100 million yen 14.9% increase from FY2007 (deterioration) 3.7% increase from FY2008 (deterioration)	△
	3) Reduce CO2 emissions Reduce CO2 emissions, every year, from energy consumption by 1% of the previous fiscal year level(Japan)	3) CO2 reduction: 499t 0.79% reduction from FY2008 (unachieved)	
	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) fluctuated between 1500 and 2000 tons (of CO2 equivalent)	○

Objectives	Action Targets (FY2009-FY2012)	FY2009 Results	FY2009 Self-evaluation
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: 96.9% 1.2% increase from FY2008 (improvement) (Global): bases have set their targets	○ ○
	2) Reduce total discharge volumes Reduce total waste per unit of FY2012 output by 3% of FY2007 level. (Japan)	2) Total waste discharge per unit of output: 4.40t/100 million yen 10.2% decrease from FY2007 (improvement) 16.4% decrease from FY2008 (improvement)	○
	3) Promote an electronic manifest system Promote use of an electronic manifest system. (Japan)	3) Proportion of material converted into electronic data: 53.2% 39.6% increase from FY2008 (improvement)	○
	4) Reduce paper use Reduce FY2012 paper use by 10% of FY2007 level (Japan) Bases set individual FY2012 reduction targets (Global)	4) (Japan) Paper used: 50.8t 38.2% decrease from FY2007 (improvement) 31.6% decrease from FY2008 (improvement) (Global): bases have set their targets	○ ○
	5) Reduce water use Reduce FY2012 water use by 13% of FY2007 level (Japan)	5) Water used: 482,476t 27.5% decrease from FY2007 (improvement) 9.9% decrease from FY2008 (improvement)	○
	Perform appropriate management of chemical substances	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 emission volumes Reduce FY2010 VOC emissions by 30% of FY2000 level.(Japan) Bases set individual FY2012 VOC emission reduction targets (Global)		2) (Japan) VOC emissions: 81t 84.2% decrease from FY2000 (improvement) 81.8% increase from FY2008 (deterioration) (Global): bases have set their targets	○ ○
3) Reduce the 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): bases have set their targets	○

Objectives	Action Targets (FY2009-FY2012)	FY2009 Results	FY2009 Self-evaluation
Green purchasing	1) Promote green purchasing for office supplies	1) Headquarters and divisions 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 logistics efficiency and reduced packaging waste	○
Greening	Promote greening campaigns.	Facilities carried out tree planting activities	○
Biological diversity	Advance biodiversity awareness through "learning," "notifying" and "acting" steps. (Japan)	Set targets	○
Social contribution activities	Promote activities that contribute to the social well-being of local communities.	Facilities conducted cleanup activities around their areas	○

Self evaluation :Achieved :Partly achieved :Unachieved

Harmony with Nature

Earth-Friendly Product Design




An increasing diversity of categories used in assessing environmental impact have made it necessary to respond with the appropriate product material and recycling methods. Alps Electric conducts product assessments in an effort geared towards reducing restricted chemical content in our products, preventing global warming by decreasing products' energy consumption, and using resources efficiently by miniaturizing products. We are constantly on the watch for new regulations in an effort to respond as quickly as possible. We have also established a new company (Alps Green Devices Co., Ltd.) dedicated to developing power conversion devices and power control devices to facilitate a low-carbon society.

Monozukuri with Life Cycle Assessments

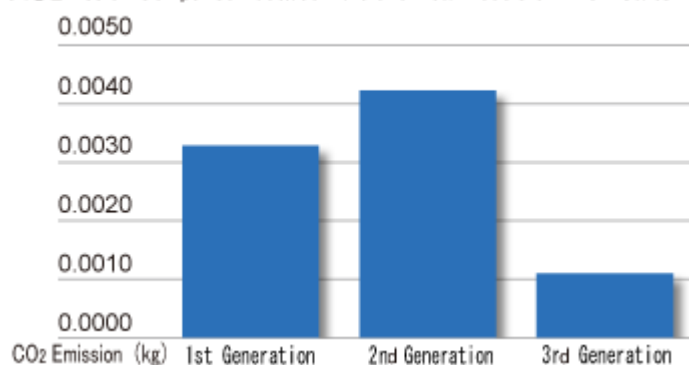
All aspects of product design must also be considered in terms of environmental impact. The different stages of a product's life cycle include procurement of materials and parts, production, transportation and final use. In fiscal 2005, we began Life Cycle Assessments (LCA) for our products to assess^(*1)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

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

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

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

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



Global Management of Chemical Substances Contained in Products

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

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

For example, information on chemical substance content in materials purchased from suppliers is managed by a database which can be accessed from any domestic or overseas Alps base. It provides up-to-date information regarding compliance with regulations in a product's design, material inspection, production and shipping, which can be conveyed to customers as required.

Compliance with REACH

The EU's REACH regulation which came into effect in 2007 requires companies to register, notify and submit information concerning certain chemicals to the EU and

The image shows a screenshot of a software interface for submitting REACH information. It features several sections with labels in Japanese, including '物質名' (Substance Name), 'CAS No.', and '用途' (Use). A large table at the bottom contains columns for '物質名', 'CAS No.', '用途', and other regulatory details. The interface includes various input fields, dropdown menus, and checkboxes for data entry.

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

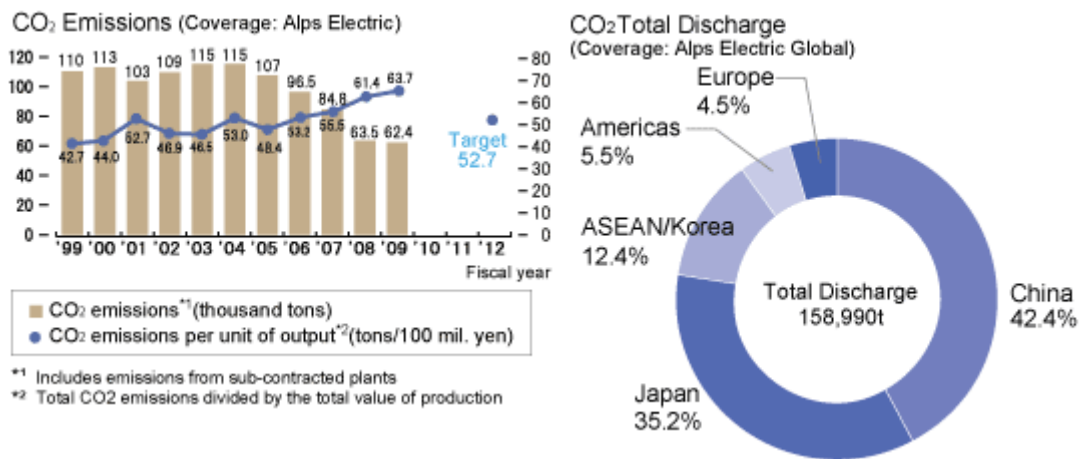
supply-chains. To ensure complete compliance with the REACH regulation, Alps Electric has identified all substances it handles that require registration and notification to the EU (as of March 2010) and we have also set up an internal organization dedicated to coordinating the submission of information concerning substances in products. Further to that, since fiscal 2006 Alps Electric has been part of the Joint Article Management Promotion-consortium (JAMP) which works at creating a system that enables sharing of information on chemical substances contained in products over the entire supply chain throughout all kinds of domestic industries.

Harmony with Nature

Preventing Global Warming

Alps Electric reduces its CO₂ emissions by making improvements in hardware like adopting highly efficient devices and switching to energy-saving machinery. We have also improved how we operate our compressors and air-conditioners, and regularly conduct “energy patrols” which create awareness among employees in saving energy.

Our CO₂ emissions totaled 62,365 tons in fiscal 2009, continuing our year-on-year achievements in emissions reduction. However, fluctuations in production value have caused an increase in terms of emissions per unit of output.



Initiatives at Bases

Furukawa Plant

Electricity for the Information Center and manufacturing and administration buildings of the Furukawa Plant (Miyagi Prefecture) is supplied by a local power company. In accordance with Alps Electric's internal structural reforms in 2009, three divisions have now assembled at this Plant and have begun to share electricity from the manufacturing and administration (engineering and evaluation department) buildings, therefore increasing the buildings' overall power consumption. In order to improve energy efficiency, the Plant now automatically controls the number of air-compressors it uses at one time; has obtained energy-efficient boilers that are eligible to receive government-funded subsidies; turns off equipment when it is not in use at nights or in the weekends; turns off the lights in the car-park and on the advertising billboard in the weekends; and has also reduced the workload on air-conditioners by directing outside air into these buildings. The Plant is also working on improving its building insulation; looking into applying heat-reflective film on building windows; and growing greenery around window areas also to reduce the work-load on these air-conditioners.



General Affairs Section,
Furukawa Plant
MMP Division

Shinji Tsunoda

Our Environmental Management Representative holds regular meetings with staff from various departments who have been assigned to work on saving energy and reducing CO₂ emissions. Departments share their energy-saving ideas and perform "energy patrols" of the workplace to find areas for improvement. Workers are encouraged to use energy only when and where needed, and in an efficient manner. We plan to reduce CO₂ emissions further by building and obtaining energy-efficient facilities and equipment. We are also looking into utilizing renewable energy sources such as solar energy to help reduce global warming.

Headquarters

Alps Electric began reconstructing its headquarters building (Tokyo) in 2007 and completed this reconstruction in April 2010. The completed building uses a building and energy management system (BEMS) to measure its energy consumption and in conjunction the building's central monitoring system controls the efficient operation of electrical devices used within the building. For example during the summer months, equipment cools water at night when the cost of electricity is lower, and uses the cooled water during the day in its air-conditioning. The monitoring system also automatically controls the number of boilers used at one time depending on their workload and utilizes the flow of outside air into the building to reduce workload on the building's air-conditioners. These systems have helped the headquarters building reduce its consumption of electricity (per unit of floor space) by 28.4% from fiscal 2007 levels. In addition, this building has been certified with the highest possible rank (S) in Japan's Comprehensive Assessment System for Building Environmental Efficiency (CASBEE).



New Headquarters Building

Promotion of Green Procurement

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



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

Earth-Friendly Logistics

In cooperation with Alps Logistics, a core company of the Alps Group, we are pursuing “earth-friendly logistics.”

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



Using returnable and reusable containers



Container used in our “modal shift”

Alps Korea

Since 2008 Alps Electric Korea has encouraged employees and their families to reduce personal consumption of electricity in order to help reduce global warming. For example families would set goals like reducing the number of times they would use their car for work or use elevators, and report whether they were able to achieve their goals or not. In fiscal 2009, 97% of employees and their families had set goals and 96% of them had achieved them.

Harmony with Nature

Reducing Waste

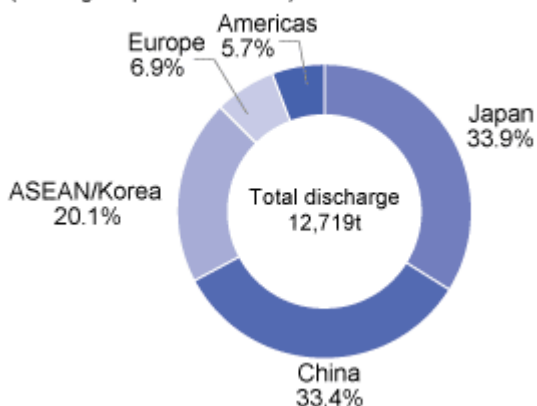
Since fiscal 2001, Alps Electric has implemented a “zero-emissions(*1) initiative,” which is aimed at recycling all wastes from offices and production plants. This target was successfully achieved by the end of fiscal 2004 throughout all domestic divisions.

During the Sixth Medium-Term Action Plan for Environmental Preservation we will continue to reduce waste volumes as well as aim to improve our recycling rate by beginning to recycle some waste types that had previously been excluded from our initiatives.

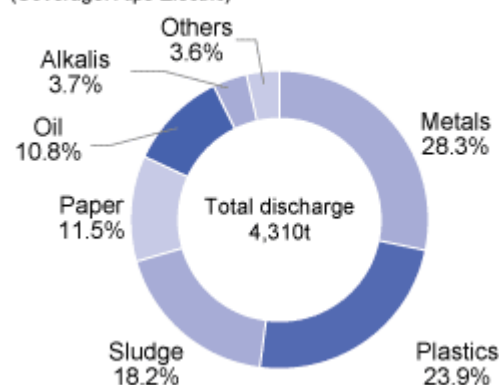
We achieved an improvement in our recycling rate during fiscal 2009 and decreased both real waste volumes and discharge per unit of production output by making improvements to production processes.

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

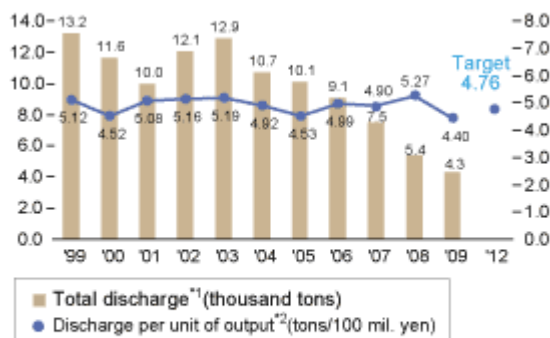
Total Waste Discharge
(Coverage: Alps Electric Global)



Waste Classification and Breakdown
(Coverage: Alps Electric)

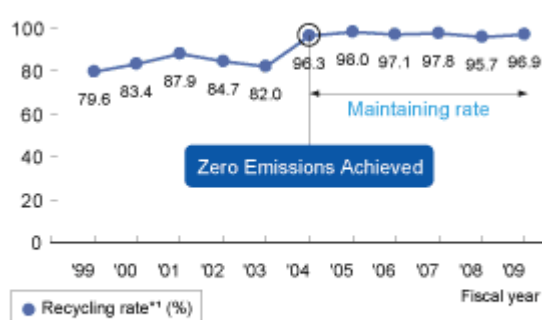


Total Waste Discharge (Coverage: Alps Electric)



^{*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)



^{*1} Recycling rate: Recycled quantity over total waste discharge.
^{*2} The remaining 3.1% for fiscal 2009 that is excluded from zero emissions was mostly general waste, including sludge from septic tanks.

Initiatives at Bases

Nagaoka Plant

The Nagaoka Plant (Niigata Prefecture) produces approximately 400 tons of waste every year including materials for resale. However, over the years its recycling rate has steadily improved to recently reach 99%. The plant has improved its materials recovery rates and reduced its energy-from-waste ratio from over 50% to 20% in fiscal 2009 by improving waste separation and consigning recycling processes to subcontractors.



Nagaoka Administration
Section
MMP Division

Kazunari Arisaka

A major problem we had with recycling was the fact that trash like paper scraps and general waste from especially engineering and administrative departments was not being separated properly. So about two years ago we took away all the trash bins (about one hundred) from office desks and set up one single trash depository for the entire administrative floor. The trash boxes at the depository specified different types of trash and as a result trash separation has improved as planned in addition to trash volumes per month decreasing by 100 kilograms.

Headquarters

Since 2008 Alps Electric Headquarters (Tokyo) has participated in the "Ecocap Movement" where caps from plastic bottles are sold to recyclers and their proceeds donated through the Movement's organizing body to the Japan Committee for Vaccines for the World's Children. The money is then used to buy various vaccines for children of developing countries and in fiscal 2009 Alps Headquarters collected 115,244 caps – enough to supply vaccines for 144 children.



A box placed in the office for collecting caps

Harmony with Nature

Environmental Risks

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

Discharge Control and Appropriate Use of Chemical Substances

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

We have ceased using certain solvents and have improved chemical management to control emissions of VOC's(*1) into the atmosphere. As a result of these initiatives, we saw a 84% reduction in VOC emissions in fiscal 2009 against our target of reducing them by 30% of fiscal 2000 levels by fiscal 2010.

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

PRTR Substance Survey Results (Coverage: Alps Electric)

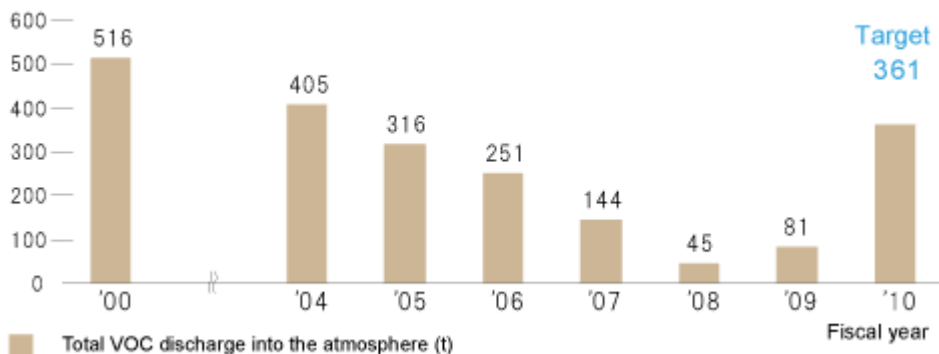
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Substance	Volume Used		Volume Emitted				Volume Transferred			
			Air		Water		Sewage		Transferred to Subcontractors	
	'08	'09	'08	'09	'08	'09	'08	'09	'08	'09
Inorganic cyanide compounds	3.0	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.2
Nickel	2.7	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Nickel compounds	1.5	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2
Silver and its water-soluble compounds	8.2	6.2	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.7
Lead and its compounds	3.7	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
Xylene	1.3	1.4	0.2	1.2	0.0	0.0	0.0	0.0	1.0	0.2
Toluene	17.5	34.3	8.6	32.6	0.0	0.0	0.0	0.0	8.9	1.6

* The above data covers domestic production subsidiaries.

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

Total VOC Emissions (Coverage: Alps Electric)



Countermeasures for Environmental Risk

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

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



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

Soil and Groundwater Purification

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

Initiatives at Bases

Alcom Electronics

Alcom Electronics (Reynosa City, Mexico) was awarded "State Environmental Compliance Recognition" from Tamaulipas State Environmental Agency on December 10th, 2009. This recognition program is voluntary and encourages local maquiladora to enforce legal compliance, implement best environmental practices and to promote company commitment to environmental protection. Evaluations for the award were based on the results of an audit conducted by state representatives, where the auditors found an excellent coordination of environmental efforts in equipment maintenance, energy conservation and other factors. The auditors expressed that Alcom had been managed under a strong team-based commitment and they also gave positive feedback about management's involvement in initiatives and excellent house keeping conditions.



Human Resources
Department
Alejandro Segura
Ladron de Guevara

We decided to participate in the program as we have always identified the importance of exceeding compliance and involvement with the local community. In order to receive recognition, our eighteen years of operation were reviewed from state representatives from an environmental perspective. It proved to be quite a challenge for us to gather past information to show how our practices had improved throughout the years. However for example, for one of the audit items – the environmental impact of our plant's building – we received cooperation from the industrial park that constructed the facility and we were able to provide the necessary information.

It was very encouraging to receive this audit and receive positive feedback concerning the company's performance compared to similar facilities.

We will continue to work on other self-assessment programs promoted by the government in the areas of safety, hygiene and environmental protection.

Nagaoka Plant

Nagoka Plant (Niigata Prefecture) has recently switched from using the organic solvent hexane that is used in processing powder material to using isopropyl alcohol (IPA), which is less hazardous and has a higher burning point. The Plant has also begun using distillation equipment to recycle IPA effluent and reusing it in production processes. This initiative has enabled 70% of the 36 kiloliters of IPA used per year to be recycled and reused within the Plant, therefore also reducing IPA purchase volumes.



IPA effluent distillation equipment

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.



Director
General Manager
Automotive Division
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. In addition, we diligently anticipate customer needs and work on developing and evaluating technologies and products that we foresee as being potentially required by the customer.

Quality Control Policy

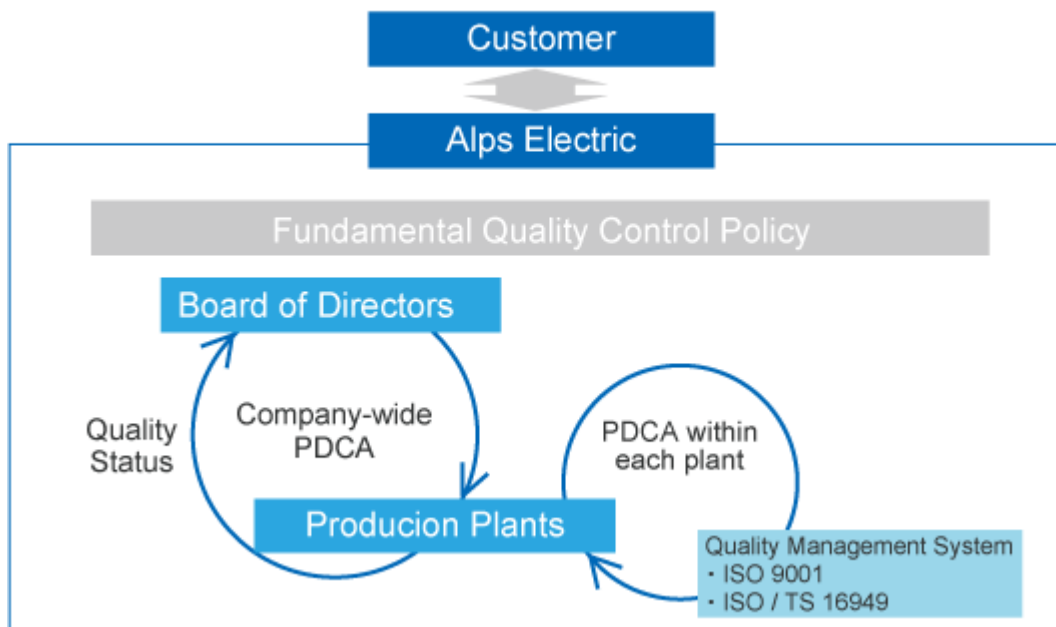
Our quality management systems initiate quality improvements through our company-wide Fundamental Quality Control Policy and additional individual policies held at each production plant.

In order to facilitate improvements in global quality performance, individual performance and quality issues are shared not only within the relative plants, but are also reported regularly to the Board of Directors chaired by the President.

■ Fundamental Quality Control Policy

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

■ Quality Control System



Quality Management System

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

Efforts to Improve Quality

Originally, the principle behind quality inspections was to confirm compatibility with a product's specification sheet, agreed upon with an individual customer. However, using only that confirmation alone resulted in instances of product defects at the customer process or end user levels.

For that reason Alps Electric adopted a new QE (quality engineering) evaluation method, whereby employees examine individual components to assess whether they are functioning correctly. Since they can do this in a short period of time, this method has been effective in preventing the output of defective products. We are increasing the number of products that can be monitored by this system so that we can incorporate it into our overseas plants. Alps provides employees with education about QE not simply to promote skill acquisition but to completely prevent malfunctioning products, in order to offer our customers electronic components with the highest possible quality.



Basic training in QE for employees



Expansion to overseas affiliates

Partnership with Customers

Improving Customer Satisfaction

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

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

Ways to Improve Customer Satisfaction

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

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

Customer claims and product analysis requests are also logged into the GQIS (Global Quality Information System). The GQIS is an intranet system for monitoring customer claim responses from corresponding manufacturing departments, and customer satisfaction ratings on a global basis.

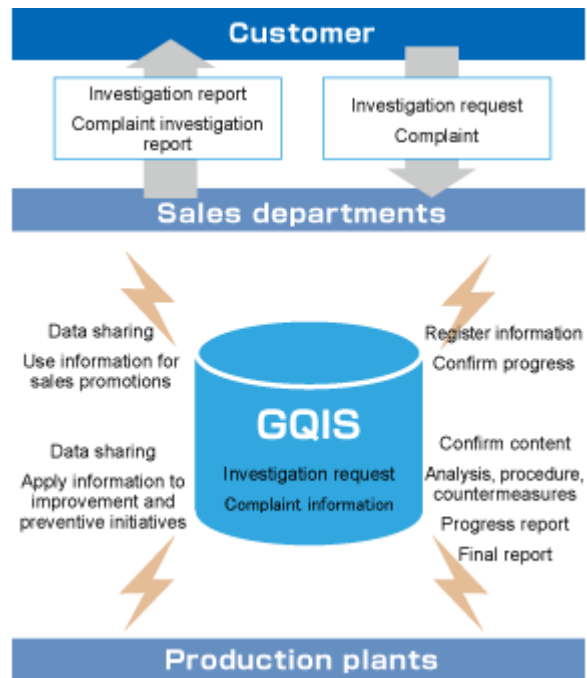


A Global Sales & Marketing Conference held at our Furukawa Plant (Miyagi Prefecture)

**Column:
Operation of the Global Quality
Information System (GQIS)**

At Alps Electric, we consider investigation requests and complaints from our customers as invaluable information to enable products that can be used with greater peace of mind. We have configured a uniform management system called "GQIS" to manage these requests.

When requests for investigation and complaints are received, they are entered into the GQIS by sales personnel, and then shared with domestic and overseas production bases to respond accordingly. The information entered can be examined closely by managers and relevant personnel at any time in order to monitor the progress of a prompt response. We also utilize the information for future sales promotion and quality improvements by analyzing trends in the information.



Employee Training to Heighten Customer Satisfaction

Our sales departments host training and education programs for sales personnel, giving them the skills and ability to accurately meet customer needs. In order to advance them to the sales front lines as quickly as possible, well-experienced employees provide new recruits with individual training that focuses on fundamentals. "Sales University", where experienced employees provide lectures, is held regularly to increase their knowledge base in a wide range of fields such as product information, market trends, overseas trade management, chemical substance regulations and supply chains. We also host educational and practical training programs on subjects such as procured parts, metal molds and quality function deployment (QFD) for better understanding of the structure of each product.

Furthermore, young to mid-level personnel are rotated through technical, production planning, and purchasing departments in order to nurture a wide range of experience and knowledge.



"Sales University"

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

Partnership with Customers

Mutual Development with Suppliers

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

■ Purchasing Approach

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

Purchasing Policies

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

Promotion of Green Procurement

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



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

Communication with Suppliers

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



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

In FY 2009, “engineering exchanges” were held occasionally in order to promote information sharing about new products and new technologies. Moreover, we aim to establish strong partnerships with our suppliers not only in Japan but in the Asian, Asean and European regions as well, such as by holding briefing sessions to explain our main suppliers’ procurement policies.

Reducing Total Inventory

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

Partnership with Customers

Contributing to Industry

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

CSR in the Supply Chain

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



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

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

Innovation and Passing Down Technology

As 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).

Award from Tohoku Occupational Skills Development Association

An employee from Alps Electric's Monozukuri Master Training Center (Miyagi Prefecture) received the Merit in Skills Examination Award at the 42nd Tohoku Occupational Skills Development Awards on 11 June, 2009. This commendation is awarded to individuals who have made major contributions to the association through occupational training, skills examinations and other activity. In this instance, an Alps Electric employee was awarded the commendation for judging practical examinations held at corporations within Miyagi Prefecture and for promoting the skills examination program itself.



Merit in Skills Examination Award from the 42nd Tohoku Occupational Skills Development Awards



Monozukuri Master
Training Center
MMP Division

Nobuo Takahashi

I'm really grateful for receiving this award and it has also made me even more aware of the importance of *monozukuri* and engineering skills. I hope to continue to be involved in passing down skills and know-how to younger generations through the skills examination program.

Lecturing at a Seminar Held by the Industries Association

Alps Electric sits on the executive board of the Promotion Association of High-Precision Electronics Industries in Miyagi, which works to promote industry in the geographical area and on 4 February 2010, one of our employees presented a lecture titled "Alps Electric's Green Devices Business" at a market and technology seminar organized by the Association. The lecturer spoke about how Alps is developing products that facilitate efficient use of energy and resources. Both Alps and the Association are committed to further promoting industry in Miyagi Prefecture.



Employee lecturing at the market and technology seminar

Partnership with Customers

Contributing to Society

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

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

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

Environmental Preservation Activities

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

Major Activity in Fiscal 2009

Encouraging Employee Participation in Activities to Increase Environmental Awareness

On June 14, 2009, 41 employees and their family members from Alps Electric's Headquarters participated in the Tamagawa River riverbed clean-up activities sponsored by Tokyo's Ota Ward. As well as being an opportunity to allow employee participation in volunteer activities, this event served to increase environmental awareness. Along with company participation in "Candle Night"* and registration in the Ministry of the Environment's "Challenge 25 Campaign", we encourage individual employees to participate and register as well. Our hope is that through these types of activities each employee will become motivated to be aware of and respect the environment.



Employees from Headquarters and their family members participating in the Tamagawa River riverbed clean-up activities

*"Candle Night": During summer and winter solstice, from 8-10 pm, each household turns off the lights and spends this time by candle light



HM&I Division
Sales Dept. 6

Yasuaki Baba

I had been interested in environmental activities before, but this time my family and I participated since the Tamagawa River clean-up activity was close to where I live and work. The river area became much cleaner since many people came out to help and we really enjoyed the experience. At the same time, I felt how important it is for each person to think about the environment on a regular basis. I think this was a good opportunity for my children to learn about society as well.

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 end at just providing financial or material support, but conducts interactive activity that leads to healthy spirits and mentality. Additionally, as a member of the international community, we also provide disaster-relief to stricken areas.

Major Activity in Fiscal 2009

Alps Commended for Putting Out Neighborhood House Fire

On September 11, 2009, Alps Electric's Taira Plant (in Fukushima Prefecture) received an award from the Iwaki City Fire Department. The award commended the Plant's In-House Fire Fighting Brigade for extinguishing a fire that occurred in a neighborhood home in August, 2009. Upon receiving news of the fire from the fire station, the In-House Fire Fighting Brigade assembled and began early efforts to put out the fire. The city fire department arrived shortly thereafter and both groups worked to completely extinguish the fire. The Fire Fighting Brigade was commended for their quick response, allowing them to start spraying water only five minutes after the fire was discovered and thus preventing it from spreading throughout the neighborhood.



The Taira Plant In-house Fire Fighting Brigade Chief receiving an award certificate at the Uchigo Fire Station

Alps Receives Award for 30 Years of Red Feather Community Chest Efforts

On October 29, 2009, Alps Electric's Wakuya Plant received a special prize at the 7th Annual Miyagi Prefecture Red Feather Convention. This award recognized Alps' contributions to the annual fundraising efforts for over a period of more than 30 consecutive years. Alps will continue to consistently take part in meeting the needs of the local community in the future as well.



The award certificate given by the Miyagi Prefecture Red Feather Community Chest Organization

Contribution to the Local Community

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

Major Activity in Fiscal 2009

Sponsorship of Nagaoka Fireworks Festival

Employees at Alps Electric's Nagaoka Plant voluntarily sponsored the Nagaoka Fireworks Festival that occurred on August 3rd, 2009 in Nagaoka City (Niigata Prefecture). Alps usually sponsors this annual event, but economic circumstances made doing so difficult this year. Employees voluntarily conducted fund-raising activities in an effort to enliven the factory and community, and to be able to launch fireworks again in 2009. On the day of the festival, Alps' company name was announced as a type of firework called the Vesuvius Extra-large Starline "Tender Lights" was launched.

District Government Distinguished Service Award

On March 15, 2010, Alps Electric Headquarters was given a district government distinguished service award by Tokyo's Ota Ward. This award is given to individuals and groups that contribute to the improvements of ward residents' livelihood and culture, particularly in recognition of meritorious deeds. In fiscal year 2009, during construction of the new Headquarters building, Alps donated a portion of its land to Ota Ward. The donated land is now a public road, which is used by many people including neighborhood residents.



The award certificate given by Ota Ward

Support for Educational Activities

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

Major Activity in Fiscal 2008

Dispatch of Lecturers to Universities

We dispatch a number of employees to lecture at universities as a corporate contribution towards human resource development, and the lectures explain how R&D should be ideally conducted. In June 2009, Alps Electric employees gave a lecture on examples of future development for third year students at the Chitose Institute of Science and Technology. Then, continuing a practice established in 2004, employees lectured in February 2010 using case studies to illustrate advanced development practices conducted by Alps Electric. We hope to increase the number of universities we provide lectures for in the future.



Alps' lecture at the Chitose Institute of Science and Technology

Human Resources Development Support for Iwate University Graduate School

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

In contribution to human resources development, our Monozukuri Master Training Center responded to a request from Iwate University's Graduate School of Engineering to "improve practical workability in education" by establishing a metal mold production course at the university level. In September 2007, we presented the school with our original mold training textbooks. Then in November 2009, two Alps employees gave a lecture on "Metal Mold Design Exercises" to students majoring in metal mold engineering.



Giving a lecture at Iwate University on "Metal Mold Design Exercises"

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

The "Tripartite Consortium of Academic, Business, and Government Circles" is an association of local corporations and universities working to strengthen the foundations of local communities through technology and human resource development. In technology development, we joined the "Innovation of Regional Monozukuri" initiative, promoted by the Ministry of Economy, Trade and Industry. Since fiscal 2006, our collaboration has included Iwate University, Yamagata University, Yamagata Research Institute of Technology and 20 local enterprises.

Alps leads the group in "Development of Production Technology for Sophisticated Materials and Components for Next-Generation Intelligent Home Appliances and Automobiles." Based on our digital manufacturing (DM) know-how, we are creating a system that reduces lead times between development stages of a product and mass production. In human resource development, our Technical Master Training Center is engaged in the "Core Production Personnel Development Project" to develop a training system for molds and tooling. Alps Electric and Iwate University have established an interdependent relationship where we provide lecturers for their quality engineering course and they in turn verify training systems developed by our Technical Master Training Center.

Internship program

At the Neusoft Institute of Information, a branch of Northeastern University in China's Dalian City, Alps Electric is contributing to the future growth of China's electronic production industry by sponsoring an internship system providing on the job experience in specialized fields as well as opportunities to study Japanese.

A software student and a computer student in fiscal 2009, as well as an electrical engineering student in fiscal 2010, were accepted for internships at a software development location.

In the first two weeks after arriving in Japan, students attend language classes to allow them to quickly become accustomed to Japanese and improve their communication ability.

The internships last for a period of three months, and up until now a total of ten Chinese university students have been accepted into the program. Not only does the internship aid in future employment, it teaches students to detect problems where *monozukuri* is put into practice and cultivate their problem-solving ability, while allowing them to share in Alps' philosophy in regards to *monozukuri*.



Interns from China learning on site

Monozukuri Master Training Center

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

Furthermore, in its pursuit of passing down technical mastery to production bases in China and other locations, the Center has so far completed training for a total of 129 overseas trainees. During the three to six-month mold and tooling technical training program, besides specific skills and knowledge of molds, trainees also acquire Alps Electric's *monozukuri* concept. On-site lodgings are provided to all trainees, and regardless of nationality, all begin the day with morning exercises followed by a three-minute speech in Japanese. The day ends with writing a "Training Report" in Japanese too. Even for Japanese people, technical subjects are difficult to express in writing, but with practice and support from the Center's staff, overseas trainees can prepare the report in gradually improving Japanese.

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



Trainees acquiring skills from an expert

Support for the Arts and Sport

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

Fair Management

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

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

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



Director
Deputy General Manager
Administration Headquarters
Junichi Umehara

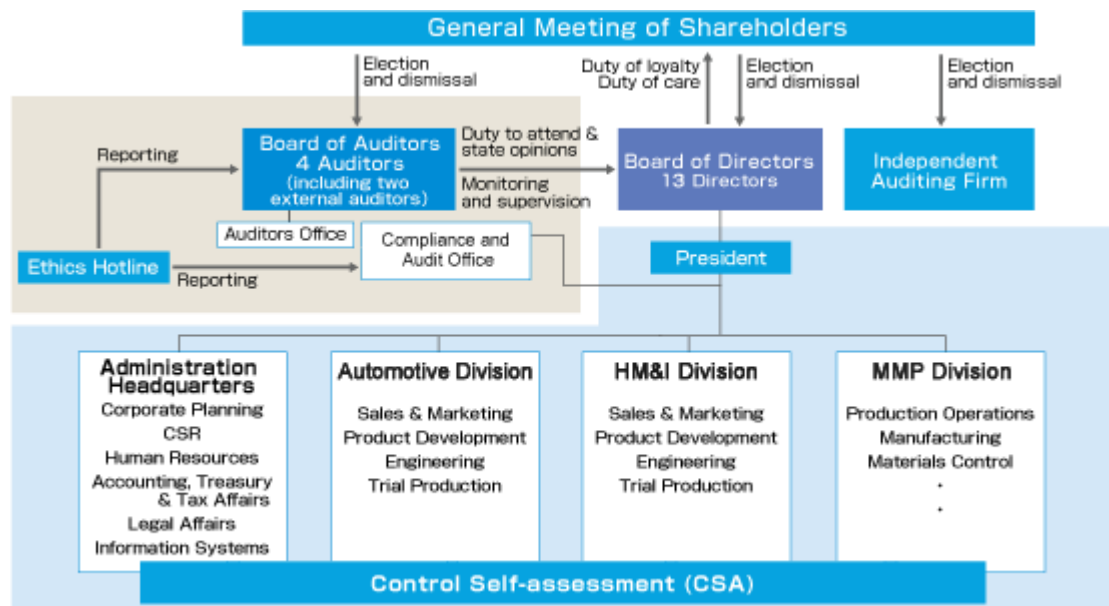
Fair Management

Corporate Governance

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

Corporate Governance 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. Our agile Board of Directors gathers once a month for regular Board meetings and can also assemble irregularly whenever needed, where all major managerial items for decision-making are proposed, thoroughly deliberated over and decided upon. In order to improve internal controls we have revised our decision standards used by the Board of Directors and have enhanced our screening system that requires corporate staff to perform legal examination and financial assessments of decision items before they are proposed or reported to the Board.

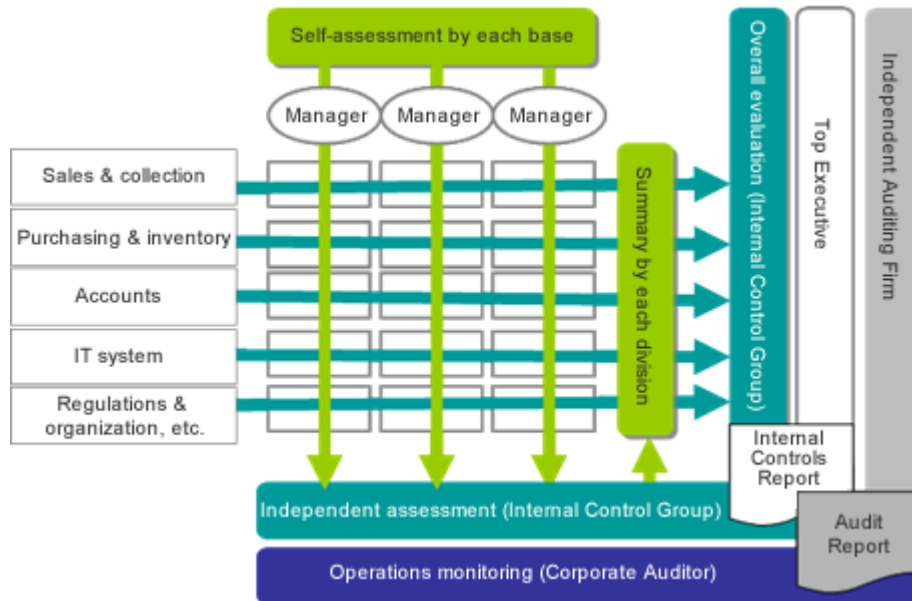


Corporate Governance Structure

Formulating and Evaluating Internal Controls

Since fiscal 2008 and in accordance with the Financial Instruments and Exchange Law, Alps Electric has evaluated its internal controls regarding its own financial reporting and declared its findings to authorities as required.

Our operating facilities examine their own internal control processes in addition to our internal auditing departments assessing them independently in order to verify that our company-wide control system is functioning effectively and so that ongoing improvements can be made where necessary. These processes make our financial reporting very reliable and also instigate operational innovation as Alps Electric continues to develop and maintain systems that facilitate efficient operations and trustworthy management.



Fair Management

Compliance

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

Alps Electric Headquarters’ Compliance and Audit Office collaborates with compliance officers assigned to seven locations around the world to promote and enforce compliance at our global facilities. Pressing activity involves establishing effective internal reporting systems for the China, ASEAN, and European regions.

Alps Group Compliance Charter

Fundamental Philosophy

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

Action Guidelines

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

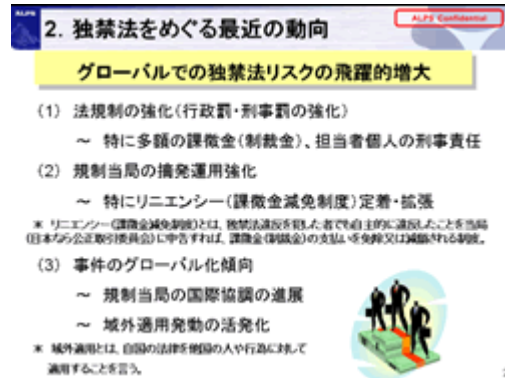


Global Compliance Structure

Employee Compliance Training

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

For example, besides the regular group training sessions, we pay attention to providing “e-learning training” courses based on our original curriculum. During fiscal 2009, we held e-learning sessions focused on Japan’s Anti-Monopoly Act as this is seen as a high-risk topic for sales personnel.



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

Publishing Compliance News

Alps Electric publishes reports, in a timely manner, incidents where other companies have violated laws and regulations. We do this to raise employee awareness concerning the importance of compliance in



Compliance News on the intranet

daily business. In fiscal 2009 we published twelve news reports for employees to read. However, rather than just simply reporting information about the cases, we suggest measures the subjects should have taken to avoid violation and how Alps' own internal regulations cover areas similar to those in the reported cases. We also point out the potential risks with in our own company. The news items are released through the intranet bulletin board or shared by e-mail.

Fair Management

Risk Management

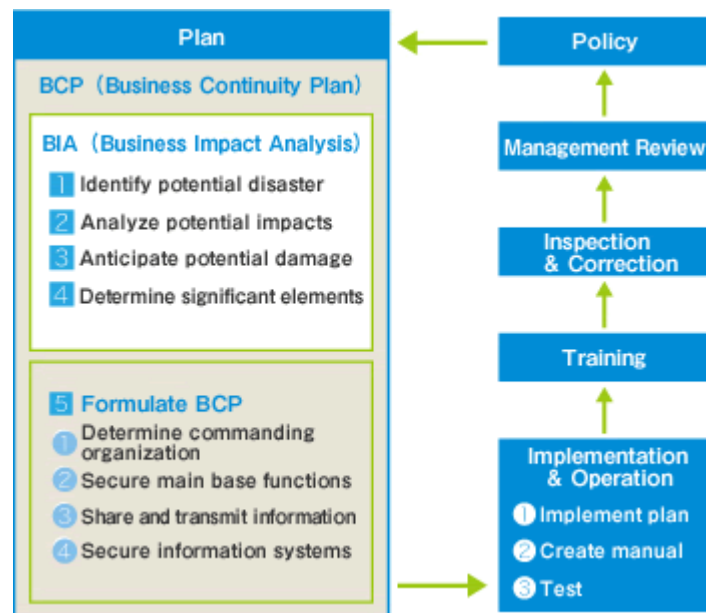
At Alps Electric, the CSR Department leads in advancing risk management throughout the company. The department decides how to deal with disasters such as earthquakes and fires, and also outbreaks of new types of influenza for instance. In furthering these initiatives, the department also draws up Business 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.

Creating BCPs and Measuring Progress

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

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

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



Business Continuity Management (BCM)

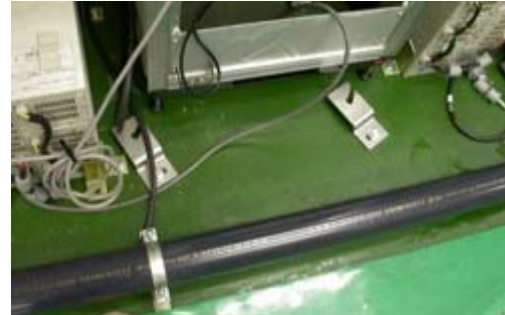
Earthquake Measures

Over the years Alps Electric facilities have experienced large-scale earthquakes of intensities between six and seven on the Japanese seismic scale, such as the Miyagi-Oki (November 2002), Miyagi Sanriku-Minami (May 2003), Niigata Chuetsu (October 2004), and Niigata Chuetsu-Oki (July 2007) earthquakes. Learning from the quakes, all domestic manufacturing bases revise their Crisis Management Manuals after each incident, and improve damage-preventing measures such as fixing heavy equipment to floors and attaching belts to shelves to prevent items from falling off. Production was interrupted for ten days after the 2004 Niigata Chuetsu earthquake, but the above measures have now reduced this period to a mere one day as displayed after the Niigata Chuetsu-Oki quake in 2007.

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



Preventing items from falling off shaking shelves by attaching belts



Using metal clasps to fix equipment to the floor

Measures for New Types of Influenza

Since fiscal 2004 Alps Electric has been devising measures for responding to avian influenza (H5N1) and in fiscal 2007 also educated employees regarding swine influenza. We then created an “Action Plan for New Types of Influenza” in fiscal 2008 establishing an internal response organization and specific action to be taken during an outbreak. In fiscal 2009 we then formulated a company-wide business continuity plan (BCP) that we would implement during an outbreak of one of these new types of influenza.



“Action Plan for New Types of Influenza”



Materials used for employee education

These measures were implemented both domestically and overseas during the H1N1 type outbreak in 2009, allowing business to continue without disruption. We are now working on additional measures for other communicable diseases in order to protect the safety of our employees and to prevent any disruption to our business flow during any such outbreaks.

Fair Management

Information Security

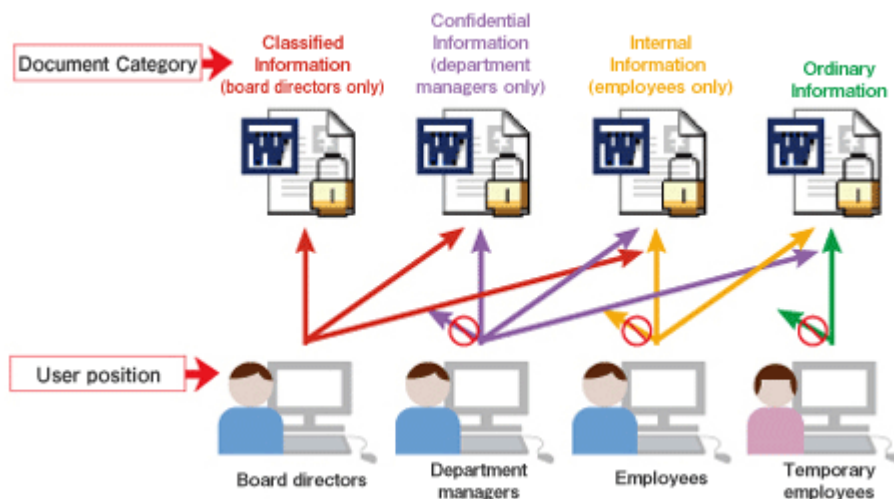
At Alps Electric, the Information Systems Department leads in developing the foundations of information security through which the company eliminates network problems such as loss, leakage and alteration of information which may lead to the weakening of the company's business base. The security measures 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.

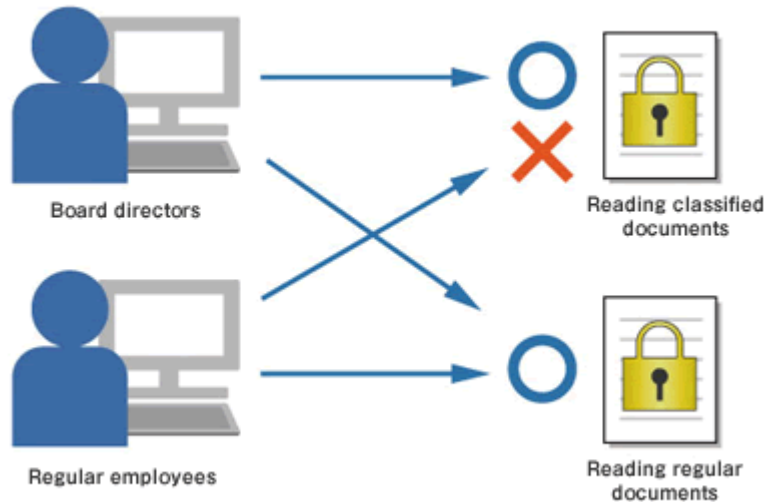
Efforts to Ensure Information Security

Alps Electric has deployed its information system regulations to domestic and overseas business sites in order to ensure information security with the proper execution of information management rules. In order to do so, we first reviewed our original Network Security Regulations, which had focused mainly on network security, and created new Information Security Regulations in their place in order to improve the security of our overall information system. We educate all domestic employees through in-house e-learning courses to improve their understanding about information security.

We also pay particular attention to preventing the leakage of information. Software called Document Security, which encrypts documents and prevents confidential or important information from leaking to external bodies, was successfully installed by all our business sites worldwide in fiscal 2008.

Alps Electric will continue to maintain and make ongoing improvements in its global management of information security.





Encrypting documents and limiting users

Security System for the New Headquarters Building

In 2008, when we constructed our new headquarters building, we adopted a security system that uses ID cards as a measure against all types of potential risks in the office in order to protect our employees and company property including materials, information and assets.

For crime prevention purposes, an ID card system controls who may pass through gates and enter/exit offices that handle confidential information. We also post security guards and have installed mechanical surveillance systems such as cameras and human detection sensors in and around the building.



Security system using ID cards

We have installed a secure printing system in the office which reduces risk of information leaks resulting from illegal access to information, failure to retrieve documents from printers and so forth. ID cards are used to record which documents have been printed and can trace when and where employees have accessed information.

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

Besides active security measures, we also conduct passive security measures including e-learning programs for all our employees so as to improve ethics regarding information. Alps will continue to make ongoing improvements in information security.

Protecting Personal Information

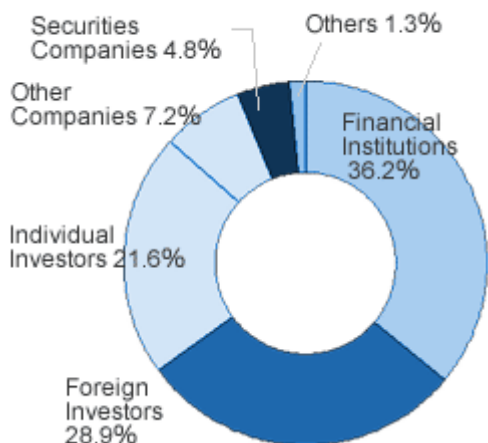
Alps Electric recognizes the importance of protecting personal information and has established structures for implementing, maintaining and improving personal information management. For example, we have created regulations for the protection of personal information and also provide regular training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

Fair Management

For Stockholders and Investors

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

Ownership by Type of Investor



Major Stockholders

Japan Trustees Bank, Ltd. (Trust account)	8.46%
Japan Master Trust Services Bank, Ltd. (Trust account)	7.86%
Mitsui Sumitomo Insurance Co., Ltd.	2.30%
Toshiba Corporation	2.24%
Mitsui Life Insurance Company Limited	1.97%

* As of March 31, 2010

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.



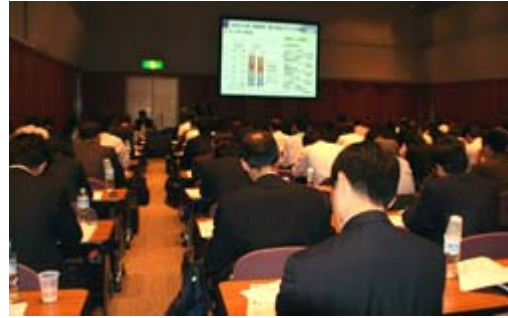
The top page of "Investor Relations"



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 stockholders meeting, we give a clear and concise presentation of business issues, display key products and also host a social function to allow personal interaction with stockholders. To improve convenience and transparency for our stockholders, we hold our General Meeting of Stockholders on a date that enables the greatest potential for attendee numbers, and during this year's Meeting (June 2010) we will display voting results of not only those made prior to the Meeting via e-mail and voting cards as required by law, but also those votes made during the Meeting by its attendees. In addition, we hold briefings on business results for institutional investors, financial analysts and the press four times a year. We also visit institutional investors such as major overseas stockholders once or twice a year to give similar briefings.



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

Briefings for Stockholders and Investors

We arrange for opportunities to hold direct talks with our stockholders and investors in order to deepen their understanding of Alps Electric. In September 2008 we invited our individual stockholders to see our semiannual private customer show "ALPS SHOW" and conducted a business briefing for them at the same time. In the briefings, our director in charge of investor relations clearly explained our business environment and financial results and followed up by answering questions put forward by attendees, of whom some gave comments afterwards such as, "It helped to give us a better understanding of the company". A briefing for analysts and institutional investors was also held on the first day of the Show and proved to be very significant as it was attended by about 60 people.



The director in charge, explaining our business environment to individual stockholders



CSR Department

Naoki Yokoyama

As businesses are required to be more transparent now, listed companies are obliged from 2010 to publicize voting results of decisions made at their annual meetings of stockholders. We deliberated over whether to include votes that had not only been made by stockholders via e-mail and voting cards sent to our company prior to the meeting, but to also include the votes of stockholders who vote during the actual meetings, as this option had also been provided by government regulations. We concluded that we should include votes made by stockholders during the actual meetings as well so we are currently preparing a system to enable us to do so from 2010. In addition to satisfying all legal requirements, we aim to conduct annual meetings of stockholders that make stockholders feel welcome and glad that they attended.

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.



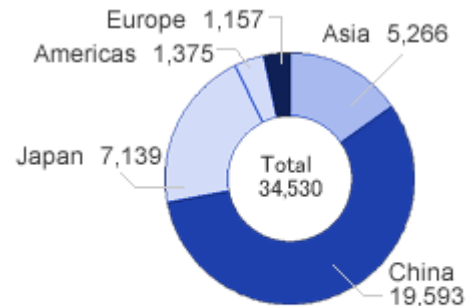
Senior Manager,
Human Resources Department

Shinji Matsuyama

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.



Employees by Region
(As of March 31, 2010 – Alps Electric Global)
* Figures include regular, fixed-term and in-house contract employees

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

Putting International Talent to Best Use

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

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

Alps Work Experience Program

In October 2006, Alps Electric launched the Alps Work Experience Program with the aim of nurturing the next-generation of managerial personnel. This program is part of our global human resources development program for future executives of overseas affiliates. Management level employees of overseas affiliates are eligible for the program. Program participants work in Japan for two years, where they learn about “Alps-ism”—the unique corporate culture of Alps Electric that is essential for future corporate leaders. By the end of 2009, a total of twenty-two program participants had either taken part in and completed the program or were continuing with it.

Global Human Resource Management and Development—IAP

The International Associates Program (IAP) employs new graduates from overseas. As businesses are globalizing, the IAP aims to ensure availability of a variety of human resources and to strengthen our corporate structure.

The program's origins began in 1989 to promote globalization of human resources, when we first hired recent graduates from Ireland in line with the Irish Trainee Program—a program advocated by the Irish government.

Since 2005, Alps Electric has been working with overseas affiliates to develop IAP, and as of this year a total of 82 members from the Czech Republic, Germany, America, Ireland, Malaysia, France, England 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.



Human Resources
Department

Andrea Schuldt

After graduating from college in England and graduate school in Japan, I joined Alps Electric on the IAP in 2008. I applied for the IAP because my ambition is to build a post-graduate school career for myself as a valuable member of society through my work in Japan. I am currently assigned to the Human Resources Department in the capacity of providing support for the IAP participants, including me, on personnel issues. I am mainly involved in recruiting, education, planning for development and operation of the IAP.

Through the work, I believe that Alps Electric's corporate culture and philosophy as well as its business strategy need to be shared at the global level for strengthening our sense of unity under globally competitive environments. At the same time, the global competency of the employee has to be improved. This will in turn bring strong global competency to the entire company. As a member of the Human Resources Department, I would like to contribute to sharing the Alps Electric corporate culture and philosophy globally by strengthening the cooperation and networks existing among global employees.

Respect for the Individual

Education and Training

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

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.



Mobile teleconferencing system operable regardless of location

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.

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.

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



Installed near workplaces and accessible in case of emergency

(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.



Alps Business Creation
HR Support Department

Ikko Fujiki

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

Traffic Safety Education

The Health and Safety Committee of Alps Electric's Headquarters organized activities in September 2009 to educate its employees about traffic safety.

Committee members stood at pedestrian crossings near the office during morning commuting times to let employees know that for safety reasons they should cross the street using these crossings and not jaywalk diagonally as had been seen recently.

In other activity, the Committee implemented a self-examination survey for all employees that have permission to drive on the job to gauge their driving habits and discover how they could improve their driving safety. A total of 323 Headquarters employees

answered the survey and a few days later received a report that summarized the driving habits of each individual identifying risk areas for them to pay attention to when driving.

Many employees expressed their surprise at how accurate their examination results were, proving this activity fulfilled its purpose in educating employees about traffic safety.



Answering the self-examination survey

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

Spurring Employment of Individuals with Disabilities

Alps Electric places importance on all employees, including individuals with disabilities and individuals without, working together and respecting each other in the workplace. Since fiscal 2006, Alps Electric has set certain employment rates as objectives which are based on applicable laws that govern the advancement of employment opportunities for individuals with disabilities. Our employment rate of individuals with disabilities in fiscal 2009 was 1.70%, and we have subsequently set a 2.0% objective for fiscal 2010 to surpass the mandated rate of 1.8%. Alps Electric intends to provide more employment and career opportunities for all.

CSR Management

CSR Management Structure

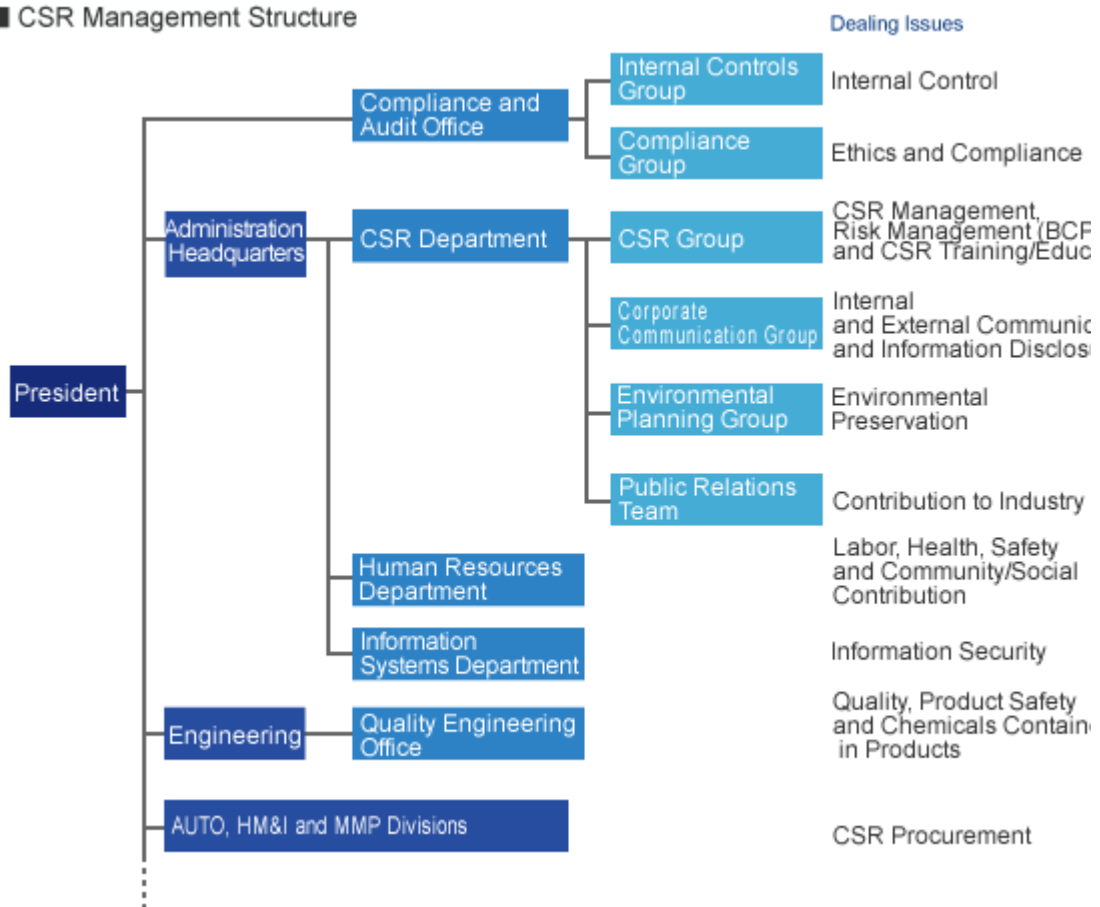
Integrating CSR Activity with Business Direction

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

In April 2006 we established a CSR Committee under direct control of the company president and have since built a global and Group foundation to progress CSR initiatives.

In conjunction with the company’s structural reforms in April 2009, the CSR Committee was then dissolved to make way for a new CSR Department that would take the lead in progressing CSR activity with other fixed departments. The CSR Department is now at work coordinating with other departments to execute our “2nd CSR Mid-Term Plan” and integrate CSR activity with business direction.

■ CSR Management Structure



CSR Management

Summary of CSR Initiatives for Fiscal 2009

Alps Electric defined 2006 as the beginning of its official CSR initiatives and formed a fundamental organization to develop activity both globally and throughout the entire Alps Group with its "1st CSR Mid-Term Plan (FY2006-2008)." We were scheduled to commence a second mid-term plan (FY2009-2011) in fiscal 2009, however, its inception was postponed due to the global financial crisis and the consequent disruption to business environments at the time. We therefore continued with CSR initiatives in fiscal 2009 according to a "CSR Short-Term Plan for Fiscal 2009" in place of the postponed mid-term plan. However, beginning in fiscal 2010 we have now commenced activity in line with a new "2nd CSR Mid-Term Plan (FY2010-FY2012)."

CSR Action Policy for Fiscal 2009

– Efficient and effective activity suited to the current business conditions –

1. Enhance the Group's sphere of CSR management (including PDCA and extending sphere to cover domestic related companies)
2. Work toward satisfying expectations and standards (JEITA/EICC) of the electronics industry (ongoing policy)

Results

Identified crucial items and promoted activity suited to business conditions

- | | |
|---|---|
| 1. Reorganized our CSR structure in line with the company's structural reforms
· Organized our Group (including domestic related companies) and global communication routes for crises like outbreaks of new types of influenza
· Still need to enhance response measure for other potential crises | ○ |
| 2. We confirmed that we will include CSR factors in managing suppliers in light of CSR standards within the electronics industry, new CSR standards within the automotive industry and the introduction of the ISO 26000 CSR guidelines. We have begun preparing to inform suppliers of this movement at our FY2010 suppliers meetings and have also made sales departments in charge of responding immediately to similar CSR requests from our own customers. | ◎ |

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

Major CSR Themes for Fiscal 2009

1. Global Warming and Environmental Preservation
· Achieve goals of the "Sixth Medium Term Action Plan for Environmental Preservation" and raise employees' awareness of reducing energy consumption
2. Risk Management
· Build BCM structure (formulate BCP and review Risk Management Manual)
3. Improve CSR Education

Results

- | | |
|---|---|
| 1. Partially amended our "Sixth Medium-Term Action Plan for Environmental Preservation" and domestic/overseas bases have both begun working to reach their targets
· Most targets for fiscal 2009 were achieved
· Used our "environmental household log" and published in-house "environmental news" to raise employees' awareness of reducing energy consumption | ◎ |
| 2. Established Group response to outbreaks of new types of influenza
· Formulated influenza BCPs for each domestic and overseas base
· Currently reviewing Risk Management Manual and Regulations | ◎ |
| 3. Combined environment, compliance and other CSR topics for educating employees (new recruits, new managers and overseas transferees) under one comprehensive CSR training format
· Used tele-conferencing system to hold training sessions for domestic and overseas sales personnel | ○ |

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