

2012

CSR Report

## Pursuit of Value (Products/Technology)



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## Partnership with Customers (Industry/Society)



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Period covered: Fiscal year 2011 (April 1, 2011 to March 31, 2012)

Organizations covered: Alps Electric Global

(Alps Electric Co., Ltd. and operating companies in Japan and overseas)

Coverage may differ for some content as specified.

## Corporate Vision

### Alps Philosophy

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

#### **Our origins**

Introduction of our precepts and principles - the origins of the Alps Group



### Alps Business Domain

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#### **Perfecting the Art of Electronics.**

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

### Alps Business Approach

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#### **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

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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

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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

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**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  
New & Consumer Module Business,  
General Manager

**Yoshitada Amagishi**

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## 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

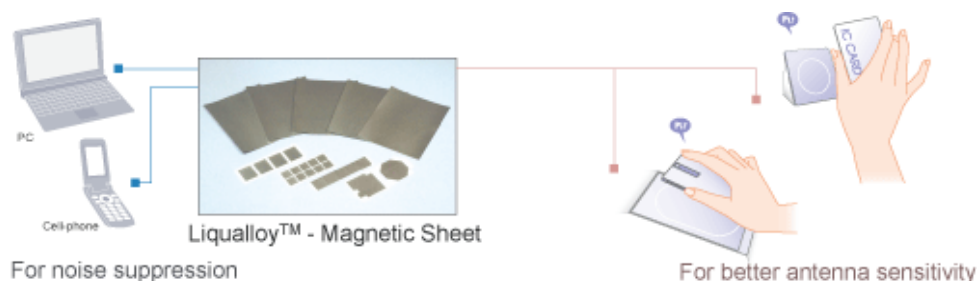
In our daily lives, we are surrounded by various kinds of radio waves used for broadcasting and communication with television and mobile phones. The condition in which these radio waves interfere with each other causing communication problems such as difficulty in receiving proper data between devices 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.

We will continue to support the digital society through utilizing our proprietary technologies to develop products that use this magnetic material.

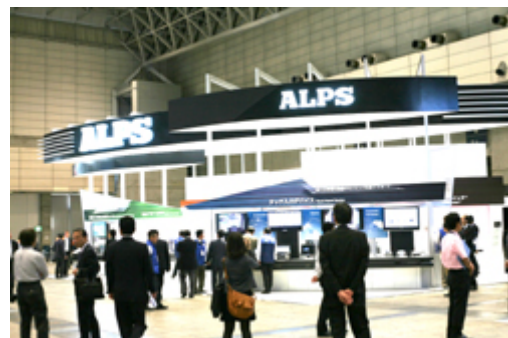
(\*1) Suica™ is a trademark of East Japan Railway Company.

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



## CEATEC JAPAN 2011

Each year, Alps Electric participates in CEATEC Japan, Asia’s largest general IT and electronics exhibition showcasing the latest products, services and technologies. The theme for Alps’ exhibit at CEATEC JAPAN 2011 was “Paving the Way to the Future with Smart Components.” A demonstration showed how a current sensor installed inside a television or other electronic appliance could be combined with a wireless LAN module to allow wireless transmission of current data detected by the sensor which would then appear on a display, visualizing power consumption by the appliance. Visitors to the Alps booth were able to learn about Alps’ products and technological capabilities through hands-on exhibits, and feedback received is being applied to the creation of new value.



Alps' booth at CEATEC JAPAN 2011



Conveying Alps' core technology and product value while also listening to visitor feedback



## Pursuit of Value

### Creating Value to Benefit Low-Carbon Societies

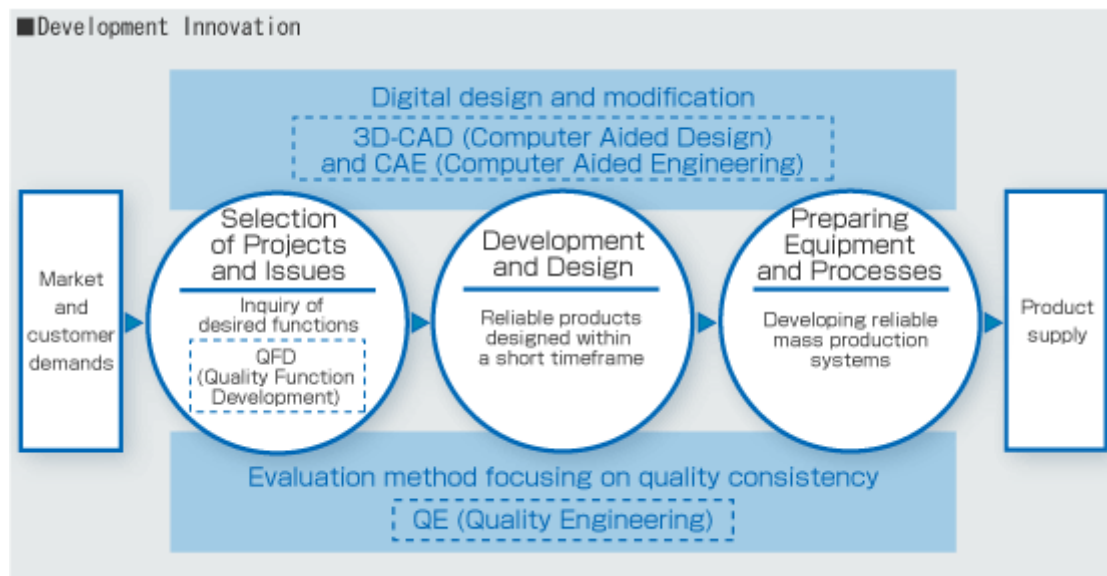
Alps Electric is making company-wide efforts to cultivate its “green device” business in order to benefit low-carbon societies. A part of these efforts has led to the formation of Alps Green Devices Co., Ltd., a corporation established on May 17th, 2010 with the Innovation Network Corporation of Japan (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 “*ippatsu-kando*” which conceptualizes manufacturing products that work perfectly the first time. In short *ippatsu-kando* means to provide products consistent in quality. To implement this concept Alps Electric employs various methods 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**

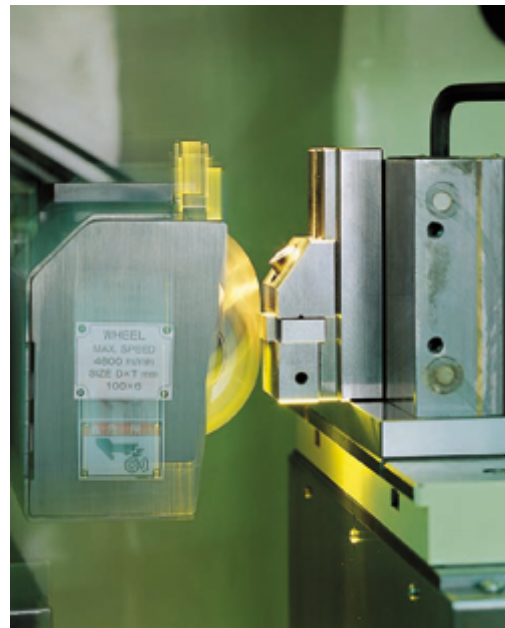
During the final phases of development that precede mass-production, quality assurance departments need to carry out evaluations. The departments must examine products thoroughly for reliability in the shortest time possible to make sure that all customers will be satisfied. In the past, Alps Electric 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.



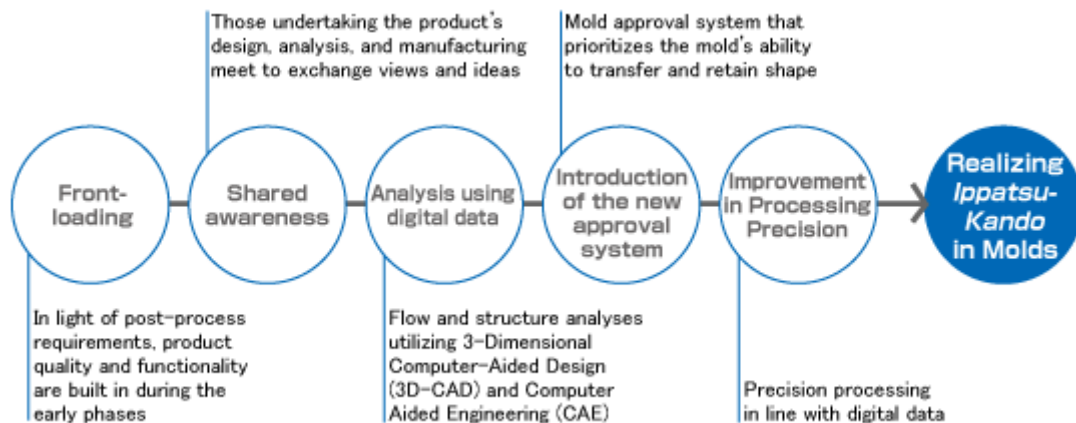
Evaluating reliability through designated tools

**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.

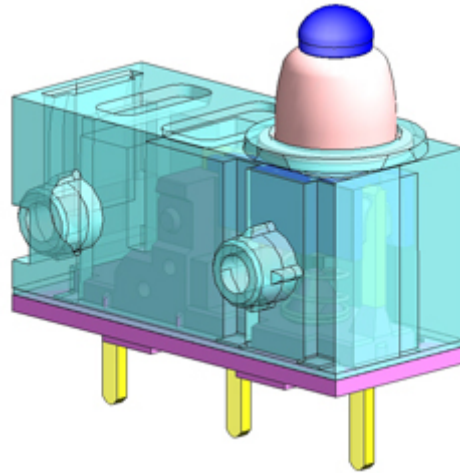


Grinding process in mold manufacture



**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

## Harmony with Nature

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

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

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

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



Senior Managing Director  
General Manager  
Administration Headquarters  
**Nobuhiko Komeya**

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## Harmony with Nature

### Environmental Management

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

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

#### The Alps Group Environmental Charter

##### Basic Philosophy

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

##### Action Program

Placing priority on environmental preservation, we at Alps will:

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

### Environmental Management System

Alps recognizes that ISO 14001, the international standard for environmental management systems, is an important criterion in environmental management. All our domestic and overseas production facilities have acquired 14001 certification, and every certified location performs internal environmental audits at least once a year in accordance with the ISO 14001 standards.



An audit in progress by a third-party auditor

Medium-term action plans for environmental preservation have been formulated ever since implementation of our inaugural action plan in 1994. Each site additionally creates and implements its own independent plan. Fiscal 2009 marked the beginning of environmental activity based on the Sixth Medium-Term Action Plan for Environmental Preservation.

### Legal Compliance

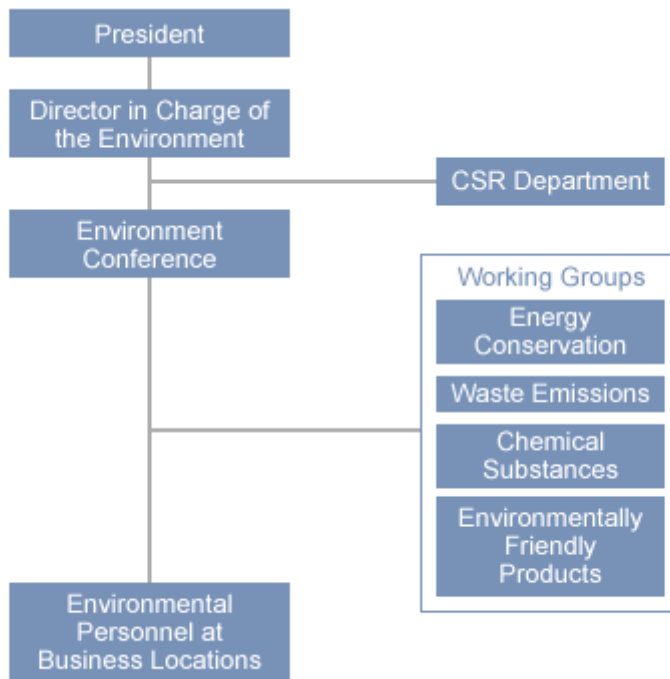
Part of Alps Electric’s commitment to, and full compliance with, laws and regulations related to the environment includes a voluntary standard that is more stringent than legally required in each country. In fiscal 2011, there were three environment-related statutory violations (two relating to wastewater standards, one relating to noise), presumed to be consequences of the Great East Japan Earthquake. These violations were acted upon in a prompt and appropriate manner.



## Environmental Management Structure

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

Environmental Management Structure (as of September 2012)



## Environmental Education

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

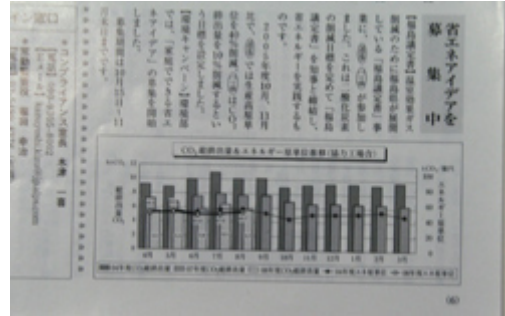


Environmental training for new managers

## Disseminating Information with Company Publications

In April 2008, our monthly internal newsletter began to carry our total monthly volume of CO<sub>2</sub> emissions and CO<sub>2</sub> 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 CO<sub>2</sub> emissions from home.



Internal publication carrying total monthly volume of CO<sub>2</sub> emission and per unit of output of all the domestic production facilities

## Harmony with Nature

### Environmental Accounting

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

Environmental expenditure and investment for fiscal 2011 both increased from the previous year.

(\*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 2011 (Coverage: Alps Electric)

Unit: million yen

Category	Main Objective	Investment		Costs	
		'10	'11	'10	'11
Operating costs	Pollution prevention Global warming abatement	20.4	68.9	210.0	253.8
Upstream and downstream production costs	Green procurement, Database for Chemical Substance Management	16.5	3.4	89.6	77.3
Administration costs	ISO 14001 certification maintenance	0.0	0.0	105.4	126.4
R&D costs	—	0.0	0.0	0.2	0.3
Social contribution costs	Community cleanup activities	0.0	0.0	11.5	8.3
Environmental restoration costs	Remediation of soil and groundwater	0.0	0.0	0.8	0.8
Other costs	—	0.0	0.0	0.0	0.0
<b>Total</b>		<b>36.9</b>	<b>72.3</b>	<b>417.4</b>	<b>466.9</b>

(\*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 2011 (Coverage: Alps Electric)

Unit: million yen

Category	Value	
	'10	'11
Profit on sales of materials	718.3	846.0
Cost reductions due to energy saving	64.3	79.7
<b>Total</b>	<b>782.6</b>	<b>925.7</b>

\* 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.



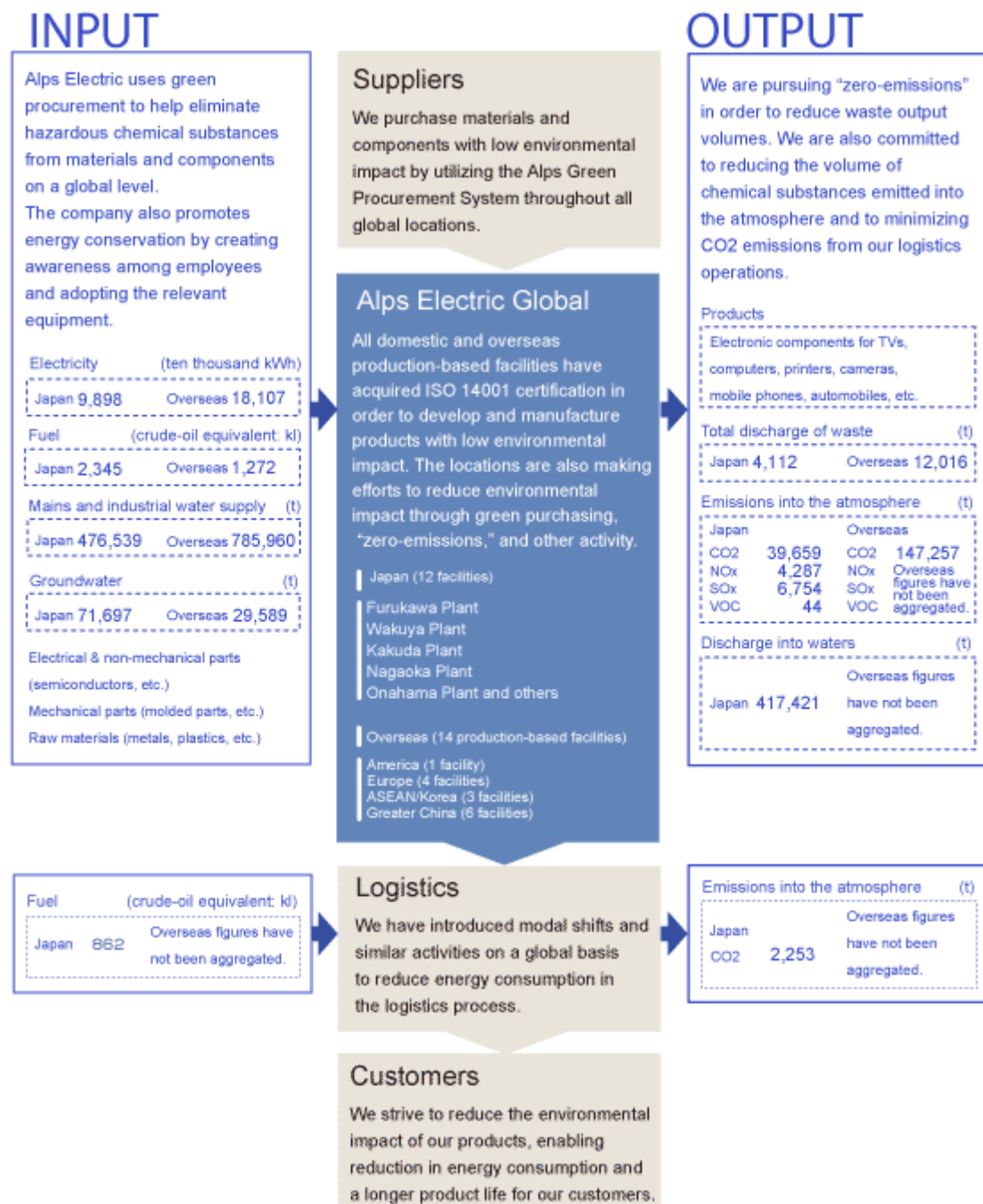
## Harmony with Nature

### 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 for Plants

##### Major Domestic Business Locations

Major domestic business locations	Electricity (ten thousand kWh)	Fuel (crude-oil equivalent) (kL)	CO <sub>2</sub> emissions (t)	Water consumption - domestic mains (t)	Waste discharge (t)	VOC emissions into atmosphere (t)
Furukawa Plant	1,596	605	7,032	85,612	1,037	6
Wakuya Plant	1,591	285	6,164	25,887	994	5
Kakuda Plant	1,534	261	5,904	38,990	1,120	1
Kitahara Plant	443	17	1,546	9,563	64	0
Onahama Plant	370	36	1,348	10,064	169	2
Taira Plant	559	401	2,950	47,954	252	5
Nagaoka Plant	3,265	560	12,590	223,299	348	27
Sendai R&D Center	199	176	1,029	13,456	12	0
Headquarters	219	3	727	10,963	97	0

##### Major Overseas Business Locations

Overseas production bases	Electricity (ten thousand kWh)	Fuel (crude-oil equivalent) (kL)	Water consumption (t)	CO <sub>2</sub> emissions (t)	Waste discharge (t)
Alps Electric Korea Co., Ltd.	1,822	364	13,833	9,062	2,068
Alps Electric (Malaysia) Sdn. Bhd.	2,381	31	202,874	15,729	1,286
Dandong Alps Electronics Co., Ltd.	325	46	34,061	3,928	168
Dalian Alps Electronics Co., Ltd.	2,953	100	120,750	34,825	2,762
Tianjin Alps Electronics Co., Ltd.	1,284	72	77,600	14,649	275
Wuxi Alps Electronics	3,726	158	203,568	31,494	2,358
Ningbo Alps Electronics Co., Ltd.	2,508	60	99,758	20,877	770
Dongguan Alps Electronics Co., Ltd.	35	0	1,907	228	0
Alps Electric (Ireland) Limited	306	65	5,462	2,848	346
Alps Electric Europe GmbH, Dortmund Plant	377	191	2,369	2,036	684
Alps Electric Czech, s.r.o.	117	143	3,328	1,474	185
Alcom Electronics de Mexico, S.A. de C.V.	2,272	44	20,450	10,106	1,115

The GHG protocol's coefficient has been used to convert purchased electricity volumes into CO<sub>2</sub> 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
Toluene	2.3	1.7	0.0	0.0	0.6
Methylnaphthalene	5.5	0.0	0.0	0.0	0.0

## Wakuya Plant

(Tons / Year)

Substance	Volume Used	Volume Emitted		Volume Transferred	
		Air	Water	Sewage	Transferred to Subcontractors
Inorganic cyanide compounds	1.7	0.0	0.0	0.0	0.0
Silver and its water-soluble compounds	2.9	0.0	0.0	0.0	0.1
Nickel	1.4	0.0	0.0	0.0	0.0
Nickel compounds	2.2	0.0	0.0	0.0	0.0
Methylnaphthalene	2.8	0.0	0.0	0.0	0.0

## Kakuta Plant

(Tons / Year)

Substance	Volume Used	Volume Emitted		Volume Transferred	
		Air	Water	Sewage	Transferred to Subcontractors
Methylnaphthalene	2.9	0.0	0.0	0.0	0.0

## Onahama Plant

(Tons / Year)

Substance	Volume Used	Volume Emitted		Volume Transferred	
		Air	Water	Sewage	Transferred to Subcontractors
Silver and its water-soluble compounds	1.5	0.0	0.0	0.0	0.1

## Taira Plant

(Tons / Year)

Substance	Volume Used	Volume Emitted		Volume Transferred	
		Air	Water	Sewage	Transferred to Subcontractors
Xylene	5.9	0.6	0.0	0.0	0.2
1,2,4-trimethylbenzene	6.0	0.0	0.0	0.0	0.0

## Nagaoka Plant

(Tons / Year)

Substance	Volume Used	Volume Emitted		Volume Transferred	
		Air	Water	Sewage	Transferred to Subcontractors
Xylene	2.1	1.8	0.0	0.0	0.2
Dimethylacetamide	1.1	0.0	0.0	0.0	1.1
Toluene	14.3	13.7	0.0	0.0	0.6
Methylnaphthalene	5.9	0.0	0.0	0.0	0.0
Water-soluble salts of peroxodisulfuric acid	7.5	0.0	0.0	0.0	7.5

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

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## Harmony with Nature

### Medium-Term Action Plan for Environmental Preservation

#### Environmental Management

Alps Electric has set specific quantitative targets for reduction of greenhouse gas and waste emissions, chemical substance management, and other initiatives under its Sixth Medium-Term Action Plan for Environmental Preservation.

On the whole, good progress was made during fiscal 2011, the third year covered by the plan, toward attaining the targets.

#### 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

Area of Initiatives	Action Targets (FY2009-FY2012)	FY2011 Results	FY2011 Self-evaluation
Environmental management system	Strengthen collaboration and share goals with overseas production bases.	Shared action items with overseas bases	○
Actions on environmental risks	Maintain the current system for domestic business locations.	Updated environmental risk map data	○
	Recognize and reduce environmental risks of overseas business locations.	Prepared assessments for overseas bases	△
Eco-efficiency	Examine and introduce an eco-efficiency indicator	Continued investigation of eco-efficiency indicators Examined additional indicators measuring the environmental contribution of electronic components	○
Environmental communication	1) Periodical publication of environmental reports	1) Published CSR Report online (September 2011)	○
	2) Information distribution via the Internet	2) Distributed information via our website	○
	3) Promote disclosure of environmental information for business locations	3) Disclosed some environment-related information	○
Environmental education	1) Promote organized environmental education	1) Conducted educational programs for new employees and managers, and employees to be seconded overseas	○
	2) Promote educational activities encouraging action in employee households	2) Published educational information in the company newsletter, company magazine, intranet and other media.	○
	3) Examine and conduct global environmental education	3) Surveyed and examined education content	△
Environmental accounting	Regularize environmental accounting. Expand accounting scope	Aggregated costs and benefits	○

## Environmental initiatives through our products

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

Area of Initiatives	Action Targets (FY2009-FY2012)	FY2011 Results	FY2011 Self-evaluation
Design for the environment	1) Promote LCA	1) Prepared Japanese and English LCI data for push-button switches and posted it to the JEITA website. Prepared carbon footprint (CFP) data for push-button switches.	○
	2) Examine environmental impact efficiency and trial measures	2) Started examining methods for calculating the environmental contribution of electronic components (new assessment approach) and summarized standard approaches within the electronic components industry	○
Chemical substance management	1) Establish a new management system for chemical substances	1) Built a new chemical substance management system (G-AXIS) and officially launched it from December 2011	○
	2) Maintain non-use of banned substances	2) To ensure compliance, revised the Alps Environmentally Hazardous Substance Control Standard to include chemical substances such as new additions to the REACH SVHC Candidate List	○
	3) Reduce environmentally hazardous substances	3) Ensured knowledge of prohibited uses within the company and promoted use of alternatives in response to RoHS and ELV directive exemption changes	○
Green procurement	Propagate green procurement	Amended the Alps Green Procurement Standard and have informed bases	○

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

## Environmental initiatives in our plants and offices

## Reduce the environmental impact of production processes and office operation

Area of Initiatives	Action Targets (FY2009-FY2012)	FY2011 Results	FY2011 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) CO <sub>2</sub> emissions: 44,522 tons. FY2008–11 average: 48,362 tons. 55.8% reduction (improvement) from base year (FY1990).	○
	2) Reduce CO <sub>2</sub> emissions: Reduce FY2012 CO <sub>2</sub> emissions from energy consumption per unit of output by 5% of FY2007 level (Japan)	2) CO <sub>2</sub> emissions per unit of output: 46.8 tons / 100 million yen. 21.4% reduction (improvement) from base year (FY2007). 6.1% reduction (improvement) from previous year (FY2010).	○
	3) Reduce CO <sub>2</sub> emissions: Reduce CO <sub>2</sub> emissions, every year, from energy consumption by 1% of the previous fiscal year level (Japan)	3) CO <sub>2</sub> emissions: 1,265 tons. 2.59% reduction (improvement) from previous year (FY2010).	○
	4) Reduce energy consumption of overseas bases: Bases set individual FY2012 reduction targets for CO <sub>2</sub> emissions coming from energy consumption (Global)	4) Bases have set their targets	○
	5) Reduce greenhouse gas (excluding CO <sub>2</sub> ) emissions: Contain greenhouse gas emissions (excluding CO <sub>2</sub> ) to FY2007 level. (Japan)	5) Greenhouse gas emissions (excluding CO <sub>2</sub> ) were between 1500 and 2000 tons (CO <sub>2</sub> equivalent)	○
Recycling	1) Maintain and improve "zero-emissions" performance: Achieve a waste recycling rate of 98% in FY2012. (Japan) Bases set individual FY2012 recycling rate targets. (Global)	1) (Japan) Recycling rate: 98.3%. 0.4% increase (improvement) from previous year (FY2010).  (Global) Bases have set their targets	○  ○
	2) Reduce total waste emissions: Reduce total waste per unit of FY2012 output by 3% of FY2007 level (Japan)	2) Total waste emissions per unit of output: 4.32 tons / 100 million yen. 11.9% reduction (improvement) from base year (FY2007). 1.9% increase (deterioration) from previous year (FY2010).	○
	3) Promote an electronic manifest system: Promote use of an electronic manifest system (Japan)	3) Proportion of material converted into electronic data: 83.4%. 22.6% increase (improvement) from previous year (FY2010).	○
	4) Reduce paper use: Reduce FY2012 paper use by 10% of FY2007 level. (Japan) Bases set individual FY2012 reduction targets. (Global)	4) (Japan) Paper usage: 39.1 tons 52.4% reduction (improvement) from base year (FY2007). 3.8% reduction (improvement) from previous year (FY2010).  (Global) Bases have set their targets	○  △
	5) Reduce water use: Reduce FY2012 water use by 13% of FY2007 level (Japan)	5) Water usage: 476,539 tons. 28.4% reduction (improvement) from base year (FY2007). No change from previous year (FY2010)	○

Chemical substance management and emission reductions	1) Proper management of chemical substances: Reduce contamination risk by promoting appropriate management of chemical substances.	1) Assessed emergency risks, installed equipment to prevent leakage, and conducted drills	○
	2) Reduce VOC emissions: Reduce FY2010 VOC emissions by 30% of FY2000 level. (Japan) Bases set individual FY2012 VOC emission reduction targets. (Global)	2) (Japan) VOC emissions: 75 tons (FY2010). 85.6% reduction (improvement) from base year (FY2000). 8.6% reduction (improvement) from previous year (FY2009). (Activity ceased as targets were attained in FY2010)  (Global) Bases have set their targets	◎  △
	3) Reduce Class I Designated Chemical Substances of PRTR Law. Bases set individual FY2012 emission reduction targets for Class I Designated Chemical Substances of the PRTR Law (Japan and Global)	3) (Japan and Global) Bases have set their targets	△
Green purchasing	1) Promote green purchasing for office supplies	1) Headquarters and bases used green purchasing for office supplies	○
	2) Promote green purchasing for company fleet vehicles	2) Purchased and leased eco-friendly vehicles	○
Logistics	Promote environmentally conscious logistics.	Improved transportation efficiency and reduced packaging waste	○
Greening	Promote greening campaigns.	Bases carried out tree planting activities	○
Biological diversity	Advance biodiversity awareness through "learning," "notifying" and "acting" steps (Japan)	Definitions relating to biodiversity protection were added to environmentally friendly product regulations and product assessment guidelines	○
Social contribution activities	Promote activities that contribute to the social well-being of local communities.	Bases conducted cleanup activities around their areas	○

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



## Harmony with Nature

### Earth-Friendly Product Design

The shift to a “green economy” has received much attention in recent years. The aim of such a shift is the establishment of a sustainable society where there is balance between environmental preservation and economic growth. Alps Electric intends to comply with this social demand through sustainable product development. Product assessments are geared toward reducing restricted chemical content in products, ensuring efficient use of resources by making products smaller, thinner and lighter, and preventing global warming by cutting power consumption and improving the efficiency of manufacturing processes. Initiatives are also in place to enable a swift response to new chemical substance regulations like REACH. Related company Alps Green Devices, too, is dedicated to the development of components for power conversion, control and metering equipment which will facilitate the realization of 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 products during each stage of their life cycle. Evaluations are based on parameters identified for each stage, with products assessed in terms of an overall rating. Assessments currently cover parts and materials used in products and our own manufacturing processes, and we are working to establish a system that allows regular assessments. We are also coordinating with the industry on life cycle inventory (LCI) analysis (\*2).

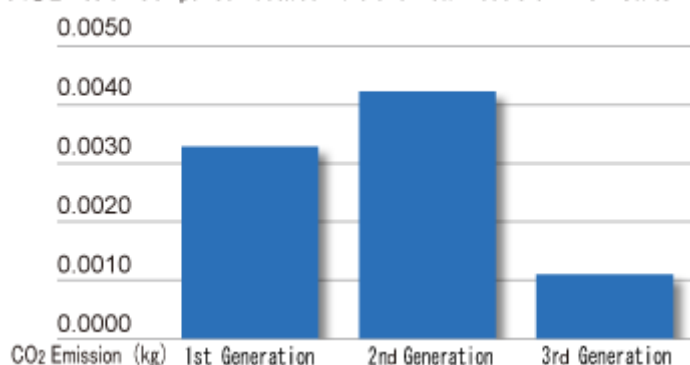
(\*1) Product assessments are a way of evaluating the environmental impact of a product during its development. Appropriate measures for reducing the impact are then built into the product.

(\*2) Life cycle inventory (LCI) analysis involves a detailed study of substance and energy inputs and outputs for each process during a product’s life cycle.

### 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

### CO<sub>2</sub> Emission Comparison between Old and New Models of TACT Switch™



## Global Management of Chemical Substance Content in Products

Regulations and other restrictions placed on chemical substance content in products have become increasingly stringent. It will be more important than ever before to meet society's demands in this area, for example by responding to customer requests for information on chemical substances in products.

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 accessible from any domestic or overseas Alps base. It provides up-to-date information legal compliance 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 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 2011). In terms of communicating chemical substance content in products, substances that are candidates to be made subject to authorization (SVHC) are promptly included in internal management standards. And to enable smooth communication of information to customers, we adopt measures conforming to the formats of individual industries like the automotive and electronics industries.

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

## Promotion of Green Procurement

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



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

## Earth-Friendly Logistics

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

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 CO<sub>2</sub> emissions. Furthermore, we have created “10 Eco-drive Rules” that are now standard operation during driving in order to lessen the environmental impacts from our vehicles.



Using returnable and reusable containers



Container used in our “modal shift”

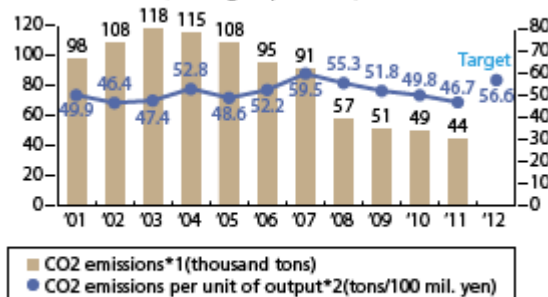
## Harmony with Nature

### Preventing Global Warming

Alps Electric reduces its CO<sub>2</sub> emissions through improvements to facilities, like the introduction of highly efficient systems and upgrading of energy-efficient production facilities, and by conducting regular energy conservation patrols to achieve operational improvements, such as improvement of compressor and air conditioning system operation and reduction of non-essential lighting. During the power crunch last year in Japan, we set a big target to reduce electricity usage at peak hours by 25%. Measures introduced to improve our power supply and demand balance included rotational operation at plants and, at Alps Headquarters, an "Early Bird" initiative whereby working hours were brought forward by one hour.

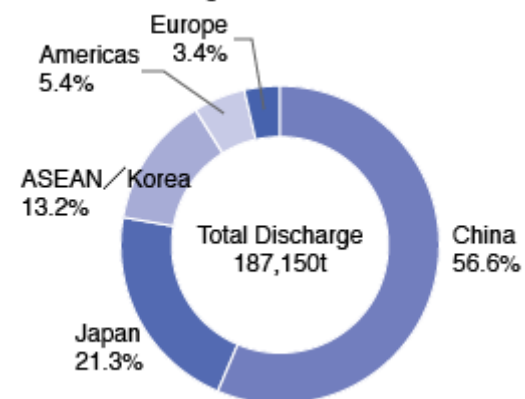
Our CO<sub>2</sub> emissions totaled 44,457 tons in fiscal 2011, continuing our year-on-year achievements in emissions reduction. Emissions per unit of output also decreased.

CO<sub>2</sub> Emissions (Coverage: Alps Electric)



\*1 Includes emissions from sub-contracted plants  
\*2 Total CO<sub>2</sub> emissions divided by the total value of production

CO<sub>2</sub> Total Discharge (Coverage: Alps Electric Global)



### 25% Company-wide Peak Power Reduction Target Achieved

Combined peak hour power consumption of all plants during the period in question in 2011 was approximately 12,700kW, compared to approximately 19,000kW in 2010, a peak power reduction far exceeding the 25% target.

From June 27 to September 10, a period of around two and a half months, plants operated on a rotational basis. Plants also cooperated on electricity management, for example by accommodating power requirements of other plants based on power usage forecasts and monitoring. Other efforts involved turning off non-essential lighting, energy-efficient operation of systems, and locating operations in the same areas.

In-house generators were made available but were used only at one plant. And in consideration of employee health, it was ensured that air conditioning systems on manufacturing floors stayed on.

## Initiatives at Bases

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### Alps Headquarters

Alps Headquarters implemented an “Early Bird” initiative from July 1 to September 15, 2011, bringing forward one hour the start of the working day and peak power time in response to the power shortage in regions supplied by Tokyo Electric Power Company. In office areas, fans were used to cut back operation of air conditioning systems, and employees were encouraged to wear light attire. Other measures included energy-efficient use of lighting and air conditioning and power saving efforts by the entirely electric cafeteria (e.g. integration of some menus and suspension of dinner provision).

As a result of these efforts, average peak power consumption for 2011 was approximately 385kW and maximum consumption was 531kW. Thus consumption did not exceed 596kW, the value representing the upper limit—a 25% reduction compared to peak power consumption in 2010—on any day during the period in question.

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### Ningbo Alps Electronics Co., Ltd.

Ningbo Alps Electronics (China) carries out a number of initiatives aimed at reducing energy consumption at its plant. During winter, the energy requirement for air conditioning was reduced by drawing in cold air from outside (free cooling). Another initiative involved recycling residual heat from air compressors using heat exchangers, allowing boilers to be turned off. Improvements were also made, such as operating clean room fan filter units according to the conditions. Combined, these initiatives reduced annual electricity and heavy fuel consumption by 2 million kWh and 150 kiloliters respectively.



Human Resources &  
General Affairs Dept.  
**Yuan Jie**

We are tackling energy conservation from the perspectives of both cost reductions and environmental protection. At the start, we had trouble working out what we could do to save energy. We discussed the various approaches to energy conservation, gathered knowledge from various sources, such as the Internet, and formulated an overall energy conservation plan. Now we use “free energy,” which has led to notable energy savings. We will continue looking into applications of heat recovery and free cooling so that our activities become even more environmentally friendly.

## Harmony with Nature

### Reducing Waste

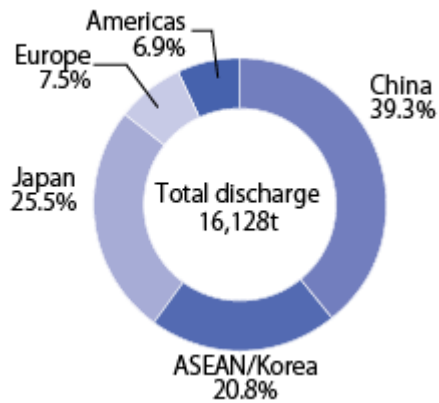
Since fiscal 2001, Alps Electric has implemented a “zero -emissions” (\*1) initiative aimed at recycling all wastes from offices and production plants. This target was successfully achieved by the end of fiscal 2004 at all divisions in Japan.

During the Sixth Medium-Term Action Plan for Environmental Preservation we will continue to reduce waste volumes, and we also aim to improve our recycling rate by starting recycling of some waste types previously excluded from our initiatives.

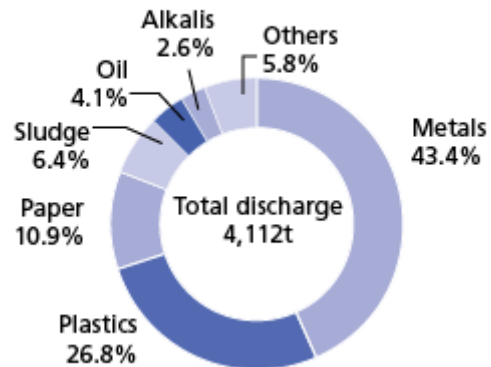
In fiscal 2011, although our recycling rate improved, the volume of waste increased, as did waste per unit of output.

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

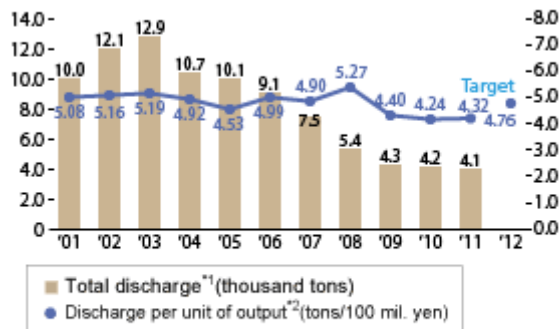
Total Waste Discharge (Coverage: Alps Electric Global)



Waste Classification and Breakdown (Coverage: Alps Electric)

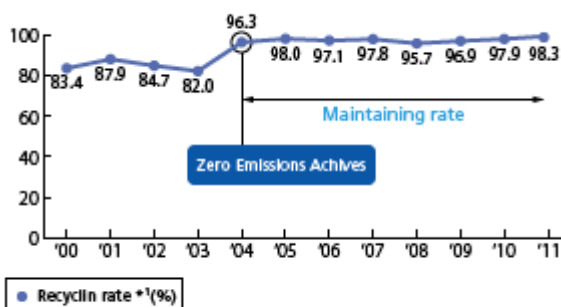


Total Waste Discharge (Coverage: Alps Electric)



\*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 1.7% for fiscal 2011 that is excluded from zero emissions was mostly general waste, including sludge from septic tanks.



## Initiatives at Bases

### Alps Electric Czech, s.r.o.

Alps Electric Czech carries out activities aimed at improving waste management efficiency. To reduce waste volume, boxes used for delivery of parts are replaced with re-usable boxes or, for example, sold to local ceramics manufacturers for re-use. The company thus prioritizes re-use over recycling, which entails turning waste back into raw materials. Waste collection areas are also optimized to minimize the distance waste has to travel in-house, and transportation costs have been reduced due to fewer truck loads since a compressor was introduced to reduce the cubic volume of waste.



Waste compressor



Warehouse & Logistic  
Dept.

**Radek Smida**

When we first introduced the compressor, the opening was too small and cartons would get stuck, so a worker had to be on hand. With the help of the equipment provider we made the opening bigger, allowing smooth insertion of the cartons. We also managed to cut labor costs because we no longer required an additional person on hand. Now we are examining how we might be able to use the equipment to compress wrapping film.

### Alps Headquarters

Since 2008, Alps Headquarters (Tokyo) has been participating in the “Ecocap Movement” whereby 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 vaccines for children in developing countries. In fiscal 2011, Alps Headquarters collected 116,000 caps – enough to supply vaccines for 145 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.

### Chemical Substances—Appropriate Use and Release Control

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

PRTR Substance Survey Results (Coverage: Alps Electric)

Unit: t

Substance	Volume Used		Volume Emitted				Volume Transferred			
			Air		Water		Sewage		Transferred to Subcontractors	
	'10	'11	'10	'11	'10	'11	'10	'11	'10	'11
Ethylbenzene	11.2	0.3	10.5	0.2	0.0	0.0	0.0	0.0	0.7	0.0
Xylene	19.8	8.6	15.3	2.6	0.0	0.0	0.0	0.0	1.3	0.5
Silver and its water-soluble compounds	6.6	5.7	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.3
Inorganic cyanide compounds	2.3	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
Dimethylacetamide	0.8	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.8	1.1
1,2,4-trimethylbenzene	5.3	6.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Toluene	10.1	16.3	9.4	15.0	0.0	0.0	0.0	0.0	0.8	1.3
Lead	1.7	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nickel	2.2	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nickel compounds	1.1	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
Water-soluble salts of peroxodisulfuric acid	2.7	7.5	0.0	0.0	0.0	0.0	0.0	0.0	2.7	7.5
Methylnaphthalene	18.5	17.5	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0

\* The above data covers domestic production subsidiaries.

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



## Countermeasures for Environmental Risk

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

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



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

### Initiatives at Bases

#### Furukawa Plant

At Furukawa Plant (Miyagi Prefecture), wastewater used to be transferred from the surface treatment building, where plating processes are located, to the wastewater treatment facility via a pipeline passing through a U-shaped channel, but this has been replaced with an aboveground double-walled pipeline. This has lowered the risk of pollution resulting from waste fluid spills and removed the need to treat rainwater which ran into the U-shaped channels.



Wastewater piping

## Partnership with Customers

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

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

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

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

We also strive to develop win-win relationships with entire supply chains and to create trusting partnerships with suppliers by sharing information appropriately and following promises with action. At times we cooperate in development or technological partnerships with other players in the industry and at other times we are part of the healthy rivalry in our efforts to invigorate the industry in its entirety. On a local level, we contribute to revitalizing communities through our ongoing business activities and personal interaction. We pursue mutually beneficial development and relationships with customers, suppliers, industries, local communities and all other stakeholders surrounding Alps Electric.



Managing Director  
General Manager  
Sales & Marketing Headquarters

**Takashi Kimoto**

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## 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.

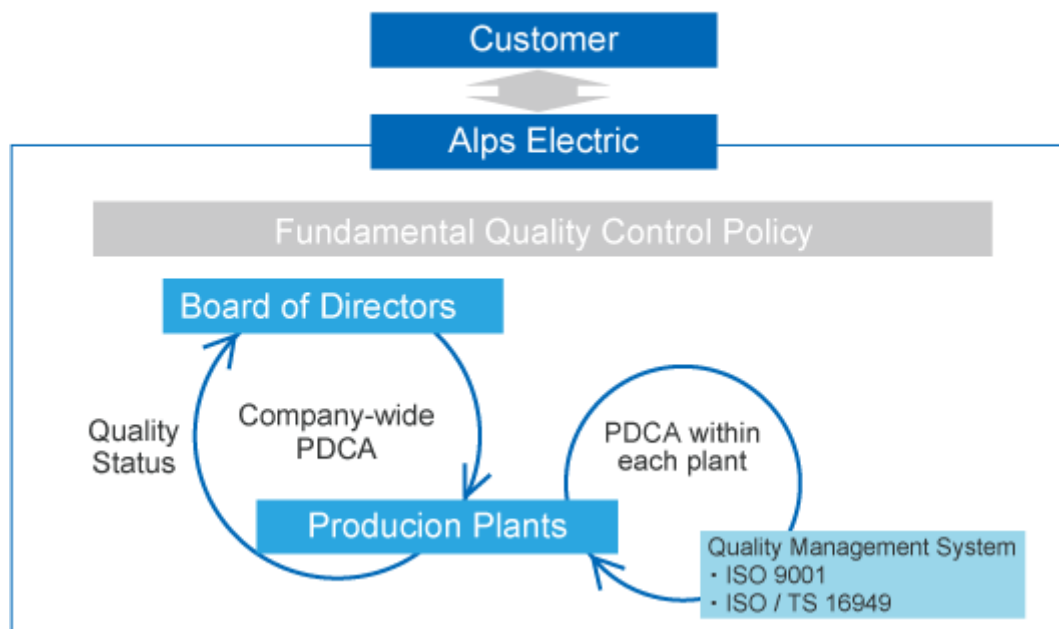
### Quality Control Policy

Each fiscal year, quality management policies are established in line with the Fundamental Quality Control Policy. Quality management systems are established, implemented and continually improved. In order to facilitate improvements in global quality performance, quality-related achievements and issues are not only shared within individual plants, but also reported regularly to the Board of Directors to be shared company-wide.

#### ■ Fundamental Quality Control Policy

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

#### ■ Quality Control System



## Quality Management System

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

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## Efforts to Improve Quality

Originally, the principle behind quality inspections was to confirm conformance of products with specification sheets agreed upon with individual customers. However, that confirmation alone did not prevent defects occurring in processes performed by customers or during use by end users.

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



Basic training in QE for employees

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## 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.



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

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

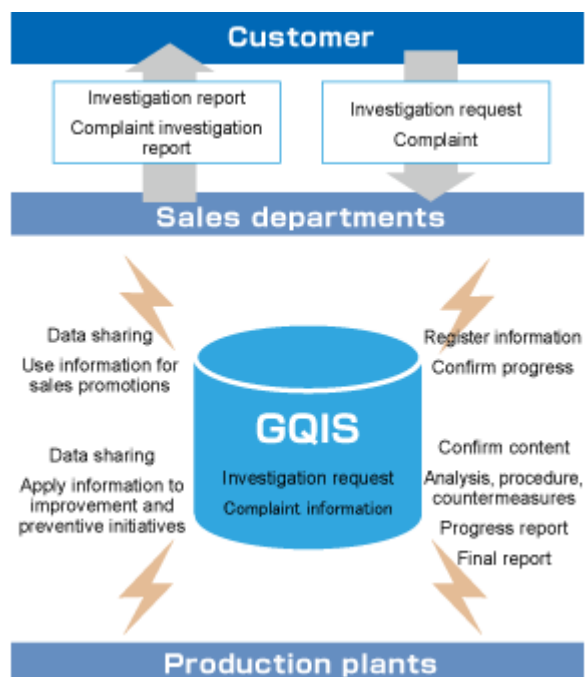
#### Column:

#### Operation of the Global Quality Information System (GQIS)

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.

## Conflict Minerals

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

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

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

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

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## Promotion of Green Procurement

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

We have also created the Alps Green Procurement System which allows worldwide access to our “Environmental Corporate Evaluation” and “Materials Evaluation” through the Internet.



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



## Communication with Suppliers

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



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

In fiscal 2010, “engineering exchanges” were again held on an occasional basis in order to promote sharing of information about new products and technologies. Occasions for information exchange were also held with major suppliers in Asia and Europe as we seek to establish solid partnerships with suppliers worldwide.

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## 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 and Shenzhen), Malaysia, and USA.

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## 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)

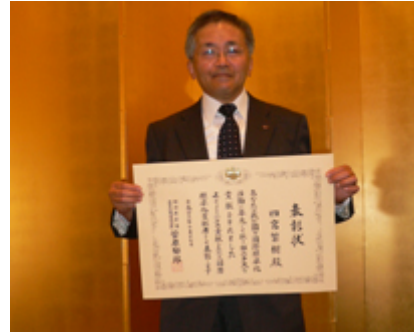
(\*1) **JEITA (Japan Electronics and Information Technology Industries Association)**: An industry organization seeking overall growth in the electronics and information technology industry.

### 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).

## Alps Employee Wins Award for Contribution to International Standardization

In October 2011, an Alps Electric employee received an International Standardization Contribution Award (Industrial Science and Technology Policy and Environment Bureau Director-General's Award). The award is presented by the Director-General of the Ministry of Economy, Trade and Industry's Industrial Science and Technology Policy and Environment Bureau to chairpersons, secretaries, experts or other such people involved, for example, in special committees of international standardization organizations. It recognizes their contribution to the development of international standardization activities and to the advancement of standard creation for the purpose of promoting international standardization with the expectation they will play an ongoing role in this area.



Alps Employee Wins Award for Contribution to International Standardization

Alps' employee was recognized for clarifying, in a submission to the International Electrotechnical Commission (IEC) on criteria for evaluating the opening and closing speed of switches, contradictions between requirements for switches in standards relating to electronic devices for the home and regulations for switches, as well as for his role as a project leader for international meetings and commissions to discuss the revision or removal of regulations relating to switches for electronic devices, in which he coordinated and cooperated with participants from around the world to overhaul regulations.

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## Partnership with Customers

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### 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.

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### 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.



Employees from the Dandong Plant (China) participate in a cleanup exercise in the plant vicinity

## 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.



Wakuya Plant (Miyagi Prefecture) was recognized as a workplace providing excellent traffic safety by the chairman of the Japan Traffic Safety Association



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



Wuxi Plant (China) donated toys to an orphanage

## Contribution to the Local Community

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



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

## 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.



Wakuya Plant (Miyagi Prefecture) donated measurement equipment to an industrial plant in Ishinomaki affected by the tsunami after the Great East Japan Earthquake



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

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## 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.

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## Fair Management

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

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

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



Director  
Intellectual Property & Legal  
Corporate Export & Import  
Administration  
**Junichi Umehara**

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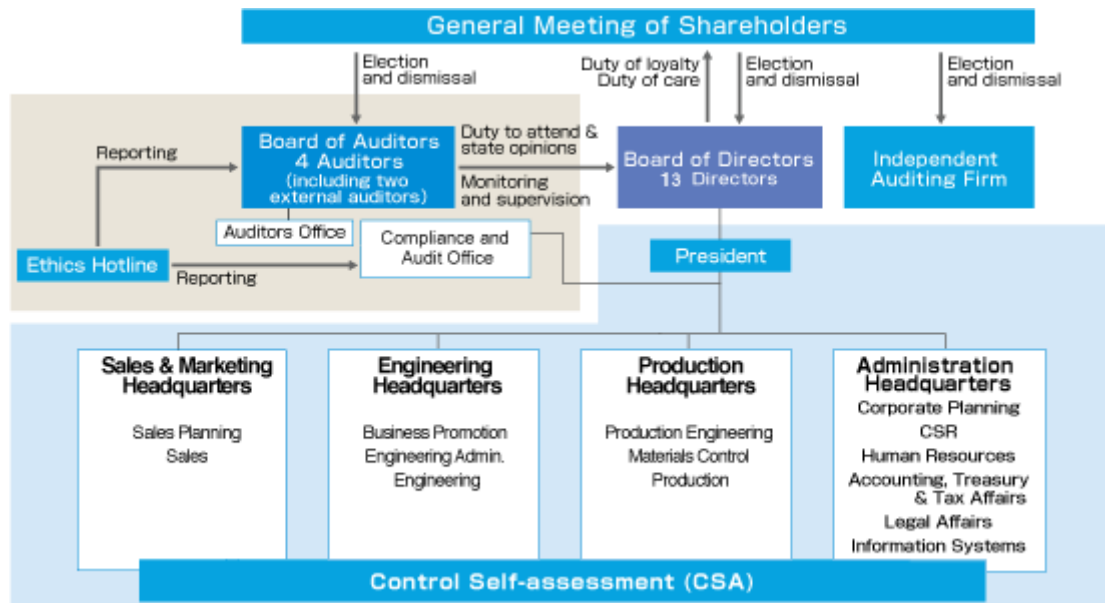
## Fair Management

### 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

## 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

## 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 daily business. In fiscal 2010 we published 18 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.

2012年3月3日 コンプ-制度 発行

**ALPS COMPLIANCE NEWS (第96号)**

— コンプライアンス基本規定 再入門 (第11編) —

**第1章 (総論 倫理・保身)**

**第1節 (倫理) (再掲)**

1. 製品・サービス、技術、製造、営業、取組のあり方と倫理との関係については、常に倫理意識の重要性を十分に認識し、実践に資する姿勢・決意等を維持し、常に倫理に即した事業活動をを行います。

2. 倫理意識の向上を図り、倫理実践活動に積極的に参加するとともに、下記「アルプスグループ倫理憲章」に基づいて行動します。

3. **知**

**【最新報告】** アルプスは地球社会の一員として、社会の持続可能な発展のため、倫理・法規制に違反しない事業活動を営む責務を帯び、常に「倫理」を守り、倫理的実践を大切にします。

**【行動指針】** 倫理に即した事業活動を営むには、

1. 倫理に即した商品・サービスを提供します。
2. 法令に即した行動を行います。
3. ムダリを省きます。
4. ホウクリを慎みます。

【倫理実践】 倫理実践活動の一環として、アルプスグループ各社が、自ら採るべき「ムダ」を、倫理的実践活動以外の活動においても削減します。ALPSの「ムダ」削減活動を通じて、社会の持続可能な発展・向上に貢献することを目指します。

**<コンプライアンスとしての倫理実践>**

コンプライアンスは経営活動の場には法律に即した活動の場を指しますが、倫理に即した活動の場は必ずしも法律に即した活動に限らず、その他の場でも、倫理に即した活動の場を指すことがあり、コンプライアンスの範囲は拡大します。

倫理実践活動の場では、日本の法律、法令、社内規定、水害対策法、水質汚濁防止法、気象業務法、公害防止法等の法令や規程に基づいて、自社の事業活動を営む必要があります。また、各事業活動の場では、自社の規程、社内規定に基づいて、自社の事業活動を営む必要があります。

アルプスグループでは、アルプスグループ倫理憲章（以下「倫理憲章」）に基づいて、倫理実践に即した活動の場を指すことで、倫理に即した活動の場を拡大しています。また、各事業活動の場では、倫理に即した活動の場を拡大しています。この活動を通じて、コンプライアンスの範囲を拡大し、倫理に即した活動の場を拡大し、倫理に即した活動の場を拡大しています。

以下では、倫理実践活動の場を通じて、自社の事業活動を拡大し、倫理に即した活動の場を拡大しています。



**<行動指針 1> 倫理に即した商品・サービスを提供します。**  
自社の事業活動を営む際の倫理実践活動。自社の製品やサービスは、常に倫理に即したものであるべきです。自社の製品やサービスは、常に倫理に即したものであるべきです。自社の製品やサービスは、常に倫理に即したものであるべきです。

**<行動指針 2> 倫理に即した行動を行います。**  
自社の事業活動を営む際の倫理実践活動。自社の活動は、常に倫理に即したものであるべきです。自社の活動は、常に倫理に即したものであるべきです。自社の活動は、常に倫理に即したものであるべきです。

**<行動指針 3> ムダリを省みます。**  
自社の事業活動を営む際の倫理実践活動。自社の活動は、常に倫理に即したものであるべきです。自社の活動は、常に倫理に即したものであるべきです。自社の活動は、常に倫理に即したものであるべきです。

**<行動指針 4> ホウクリを慎みます。**  
自社の事業活動を営む際の倫理実践活動。自社の活動は、常に倫理に即したものであるべきです。自社の活動は、常に倫理に即したものであるべきです。自社の活動は、常に倫理に即したものであるべきです。

**<行動指針 5> リサイクルに努めます。**  
自社の事業活動を営む際の倫理実践活動。自社の活動は、常に倫理に即したものであるべきです。自社の活動は、常に倫理に即したものであるべきです。自社の活動は、常に倫理に即したものであるべきです。

Compliance News on the intranet

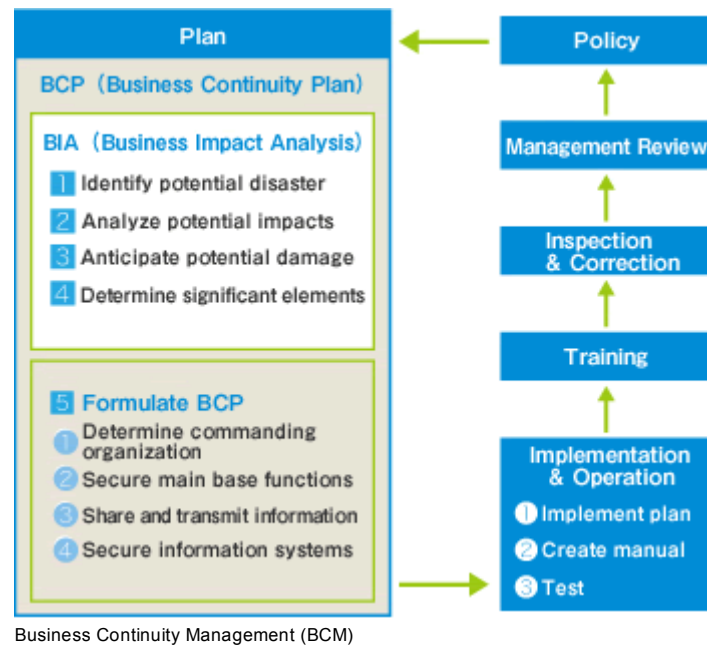
## Fair Management

### Risk Management

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

#### Business Continuity Planning and its Progress

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



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

## 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

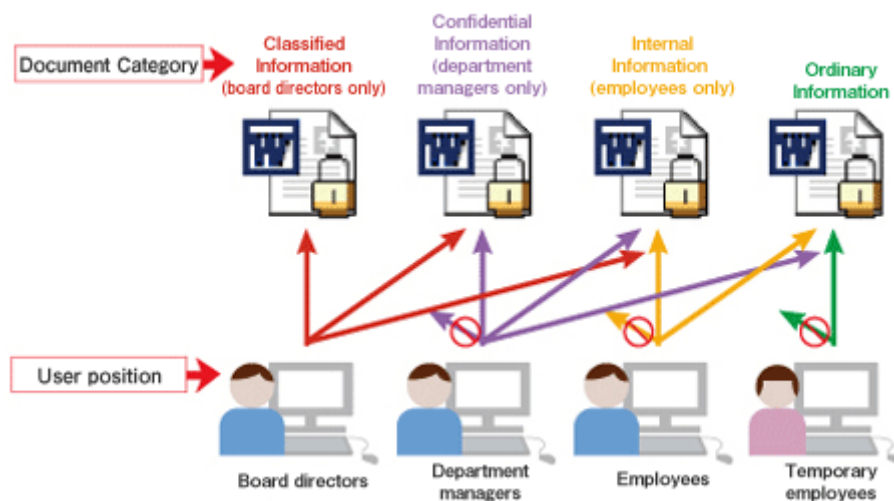
At Alps Electric, the Information Systems Department leads in developing the foundations of information security through which the company eliminates network problems such as loss, leakage and alteration of information which may lead to the weakening of the company's business base. The security measures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

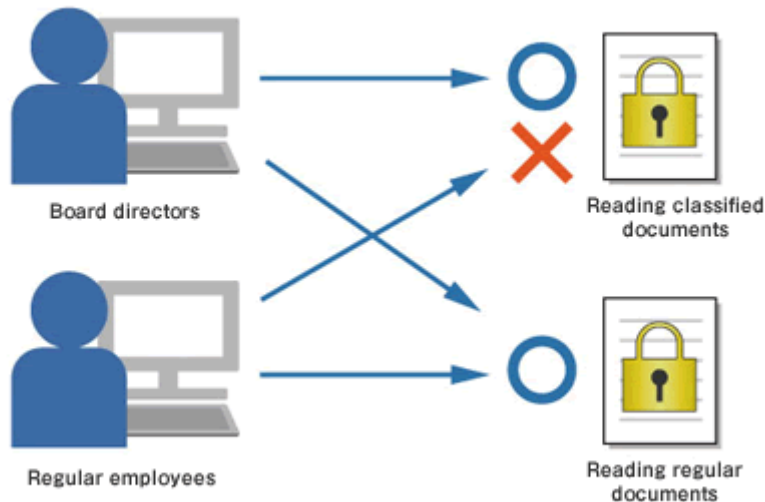
#### Efforts to Ensure Information Security

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.

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.



Security system using ID cards

### 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.

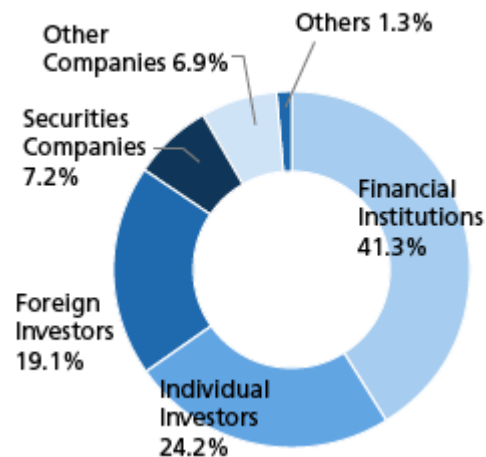


## Fair Management

### 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 Trustee Services Bank, Ltd. (Trust account)	10.19%
The Master Trust Bank of Japan, Ltd. (Trust account)	9.08%
National Mutual Insurance Federation of Agricultural Cooperatives (Zenkyoren)	2.97%
Toshiba Corporation	2.24%
JP Morgan Securities Japan Co., Ltd.	2.04%

\*As of March 31, 2012

### Fair Information Disclosure

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



The top page of "Investor Relations"



Report for stockholders—"Alps Report"

## Communicating with Stockholders and Investors

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



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

## Briefings for Shareholders and Investors

We arrange opportunities for direct talks with shareholders and investors in order to deepen their understanding of Alps Electric. In September 2010, we invited individual shareholders to our biennial private exhibition, the Alps Show, and held a briefing for them. On the day, the director in charge of investor relations provided a clear explanation of business conditions and performance, and questions were fielded from attendees, a number commenting that their understanding of Alps had improved. A briefing was also held for analysts and institutional investors during the period of the Alps Show. Attended by around 50 people, the occasion was very worthwhile.



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



CSR Department

**Naoki Yokoyama**

Listed companies have been required to disclose results of voting on proposals submitted to shareholders' meetings since 2010. Alps Electric even discloses results of votes exercised by shareholders during the actual meeting. The Alps Report for shareholders has also been turned into a color report with the page layout revised to make it easier to understand. In addition to fully satisfying legal and social requirements, we aim to engage in communication with shareholders from their perspective and better their understanding about Alps Electric.

## 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

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**We create interactive workplaces and opportunities for individuals to challenge themselves while pursuing proactive roles in the company.**

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

Alps believes "respect for the individual" is achieved in an environment where individuals enliven each other. For that reason, in addition to developing programs and various infrastructure for in-house interactive communication, Alps has made efforts to prepare a workplace that allows for mutual exchange, self-fulfillment and self-development, and enables employees to share the "One Alps" spirit and sense of unity. Ever since Alps was established, we have sought to maintain a family-like work atmosphere where employees are passionate about all that they do, and we encourage all employees to "Work Hard, Study Hard and Play Hard." We hope our employees inherit this part of Alps' DNA, and challenge diverse fields of work, study and play, displaying their individual characteristics through team work, and polishing their human appeal.



Senior Manager,  
Human Resources Department

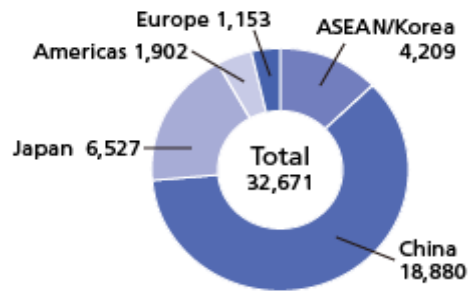
**Masashi Imai**

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## 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, 2012 - 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-level tasks and learn from each other, which in turn fosters independence and individuals who can work as professionals in today's marketplace. The outcome is an 'elite workforce,' one of the principles in Alps Electric's employee system.

### Putting International Talent to Best Use

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

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

## Alps Work Experience Program

In October 2006, Alps Electric launched the Alps Work Experience Program with the aim of nurturing the next generation of managerial personnel. This program is part of our global human resources development program for future executives of overseas affiliates. Middle to senior managers at overseas affiliates are eligible. Program participants work in Japan for two years to learn about the unique Alps culture, which is essential for future leaders of the company. By the end of fiscal 2011, 26 employees from overseas had either completed the program or were still in Japan on the program.

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## Global Human Resource Management and Development—IAP

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

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

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

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

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## Respect for the Individual

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### 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

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### 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.

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#### Promoting Face-to-Face Communication

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

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

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



Mobile teleconferencing system operable regardless of location



## Enhancing Communication Tools

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

We had previously produced the magazine mainly covering Alps Electric and Alpine Electronics, but with the expansion of the Alps Group, we needed to develop a greater sense of unity among the entire Group. In response, we have enhanced the magazine to include content from each of the three core companies of the Group – Alps Electric, Alpine Electronics, and Alps Logistics, and their respective affiliates. It is the Group employees that plan, write, and edit the content, keeping with the publication's tradition as a magazine for employees, by employees. We also distribute a separate newsletter focusing on managerial messages to all Alps Electric employees and publish its English version called *Alps Globe* for our overseas subsidiaries. We first published *Alps Globe* on paper in 1991 but decided to begin distributing it in electronic form instead in 1999. *Alps Globe* comprises a selection of articles taken from the Japanese newsletter mentioned above and includes managerial information and Group-oriented topics that are relevant to our global locations.

## AlpsGlobe

M O N T H L Y News Flash for ALPS Management Information Vol.21 No.3 March 2011

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

Following the 2011 off the Pacific coast of Tohoku Earthquake, which struck Japan on March 11, operations were suspended at seven Alps facilities – Furukawa Plant, Kinohara Plant, Miyake Plant, Kokubo Plant, Oshama Plant, Tera Plant and the Sendai R&D Center.

In an emergency address on the morning of March 14, President Kaneko said the company would place top priority on making sure employees were safe

and arranging delivery of emergency supplies. President Kaneko's entire speech can be read on the "Disaster Response Information" News Bulletin board (E-mail: [info@alps.co.jp](mailto:info@alps.co.jp); AAC7D56CAEFD84B452563BE0061063D; 10B9F18FF0854A6217810000CEP8E).

As of March 28, operations have already resumed at all plants in the region including the R&D center.

### Importance of Examining the Enormous Implications of the TPP for Japan



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

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

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

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

At DDA, Satoshi Shibuya recently took over from Akimasa Minato as president in July last year. Also from Japan, Mr. Okamura, Mr. Suzuki and Mr. Wakayama are currently working on establishing the overall production system and sales system, while Mr. Aota is training EF engineers and Mr. Onoue provides technical supervision for press and injection mold.

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

Alps Globe



Group Magazine ALPS

## Respect for the Individual

### A Safe and Healthy Workplace

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

#### Occupational Health and Safety

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

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

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

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

#### Efforts in Mental Health

Alps Electric offers mental health education for employees and managers as part of its commitment to maintaining employee mental health. In order to provide a working environment that reinforces mental health, since fiscal 2004, counseling rooms have been available at all facilities for all employees to use if needed. A counselor is present on designated days for those who wish to take up the opportunity to seek advice.

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



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

## Assuring a Safe Workplace by Installing AEDs

In Alps Electric's domestic business locations, AEDs (Automated External Defibrillators) have been gradually installed for emergency use.

The AED is a life-saving device that can be operated by anybody. However, the AED is not enough. When somebody collapses, it is difficult for people around to remain calm. Therefore, training on a regular basis and a basic understanding of the AED are crucial.

As part of health and safety activities, Alps Electric continuously conducts training seminars on AED

handling and provides employees with opportunities to experience first aid measures including not only how to use an AED but how to call an ambulance and to perform cardiopulmonary resuscitation (CPR).

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



Installed near workplaces and accessible in case of emergency

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## 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

employees with information about the various programs available to help them in balancing working and childrearing.

### **Promoting Employment of Individuals with Disabilities**

Alps Electric places importance on ensuring that employees with and without disabilities work side-by-side and respect one another in the workplace. Since 2006, we have been setting company-wide employment targets for individuals with disabilities based on related legislation. Alps Electric's disabled persons employment ratio as of March 31, 2012, exceeded the statutory ratio of 1.8%, and we have set a target of 2.0% for fiscal 2012. We will continue efforts to raise the disabled persons employment ratio and improve the work environment to ensure individuals with disabilities can fully demonstrate their talents.

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## CSR Management

### CSR Management Structure

#### Integrating Business and CSR Activity

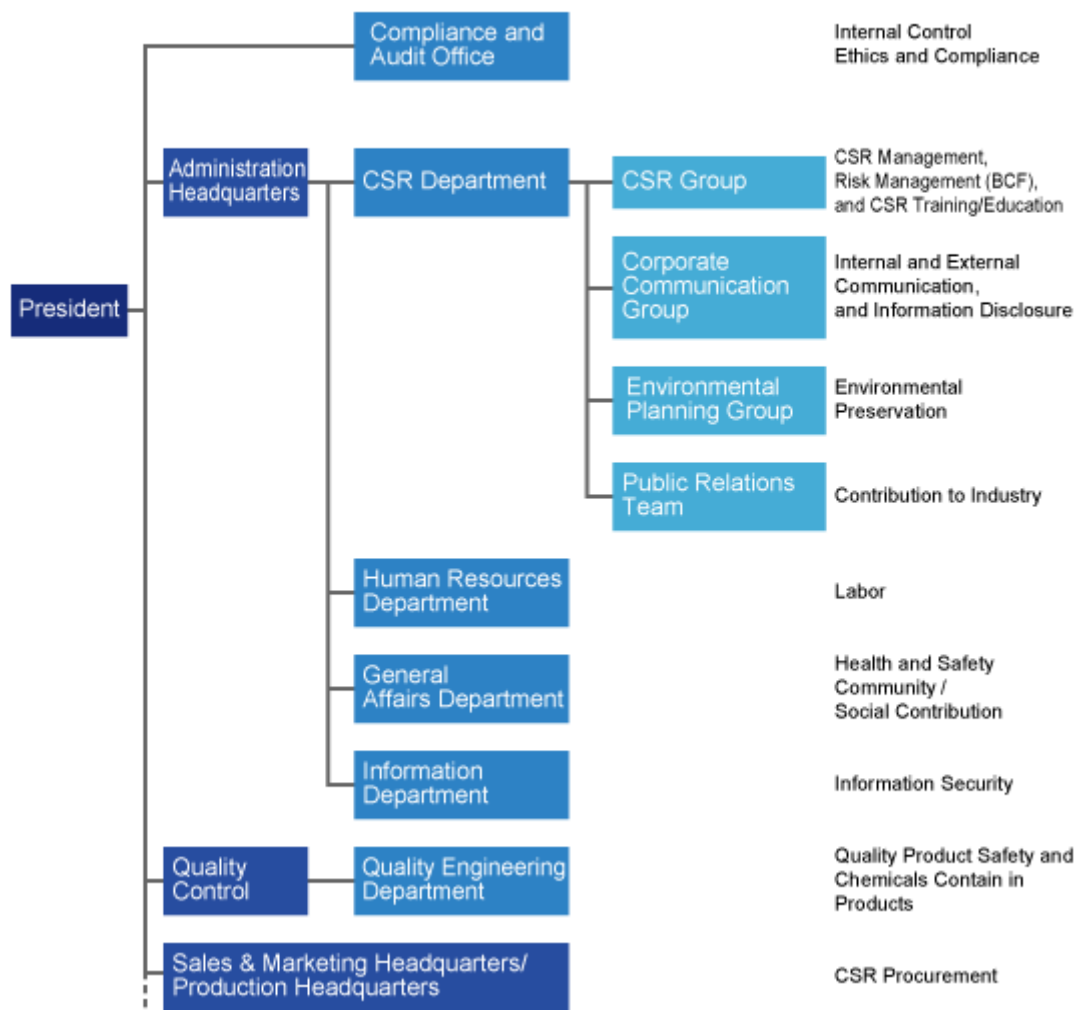
Alps Electric believes CSR is the heart of management and that it is important to integrate business and CSR activity.

In 2006, our first year of CSR initiatives, a CSR Committee was set up under the direct control of the company president and we proceeded to establish a platform for promoting Global Alps and Alps Group CSR activity.

In conjunction with the company's structural reforms in April 2009, the CSR Committee was dissolved to make way for a new CSR Department that would take the lead in advancing CSR activity with other fixed departments. The CSR Department is now working with other departments to further integrate business and CSR activity in line with the 2nd CSR Mid-Term Plan, which was launched in April 2010.

#### CSR Management Structure

[Dealing Issues]



## CSR Management

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### Summary of CSR Initiatives for Fiscal 2011

Alps Electric defined 2006 as the first year of CSR initiatives and established a platform for promoting Global Alps and Alps Group CSR activity through implementation of its 1st CSR Mid-Term Plan over the fiscal years 2006 to 2008. Having postponed introduction of a new plan in fiscal 2009 due to the global financial crisis and consequent deterioration of the business environment, the 2nd CSR Mid-Term Plan was formulated in fiscal 2010 for the three years through to fiscal 2012. CSR activities will be advanced further under this plan.



2nd CSR Mid-Term Plan (FY2010–FY2012)	
<b>1. Revive brand power (brand: commitments fulfilled through ALPS logo and company name)</b>	
• Give employees confidence and pride.	
• Earn the trust and favor of those outside the company.	
<b>2. Support the creation of a low-carbon society</b>	
• Foster a mentality of wanting to create green devices.	
• Achieve objectives of the Sixth Medium-Term Action Plan for Environmental Preservation.	
• Raise environmental awareness among employees and promote action.	
<b>3. Set out to meet the needs of society</b>	
• Ensure compliance with electronics and automotive industry guidelines and standards for CSR action.	
• Actively advance disclosure of increasing amounts of corporate information.	

FY2011 Activity Results	
<b>1. Revive brand power (brand: commitments fulfilled through ALPS logo and company name)</b> • Gained trust from customers, suppliers, shareholders and other stakeholders through quick resumption of operations at all business locations after the Great East Japan Earthquake. • Employees gained self-confidence and pride after being shown a video letter from a customer expressing gratitude for quickly resuming operations after the Great East Japan Earthquake.	○
<b>2. Support the creation of a low-carbon society</b> • FY2011 activities generally progressed according to the Sixth Medium-Term Action Plan for Environmental Preservation. • Promoted private energy- and power-saving efforts by employees through ongoing awareness activities, including provision of “eco-account books” and publication of an environmental news bulletin.	○
<b>3. Set out to meet the needs of society</b> • Improved compliance with CSR standards, for example by making improvements in areas specified in CSR audits. • Disclosed information when surveyed about supply chain risk and conflict minerals.	○

●:Achieved ○:Progressing well △:Behind

FY2012 Priority CSR Themes	
<b>1. Earning trust through strengthening of risk management</b>	
• Earn greater trust from shareholders by strengthening initiatives for ensuring non-association with anti-social forces to comply with local ordinances on exclusion of organized crime groups.	
• Look into establishment of a risk management framework for supply chains.	
<b>2. Global warming initiatives and environmental protection</b>	
—Execute the Sixth Medium-Term Action Plan for Environmental Preservation and promote energy and power-saving efforts by individuals employees and households.	
<b>3. Response to diverse CSR needs</b>	
—Respond to US conflict mineral regulations and global warming through joint efforts with suppliers.	