

SANYO Electric Co., Ltd.
Sustainability Report
2008



Think GAIA

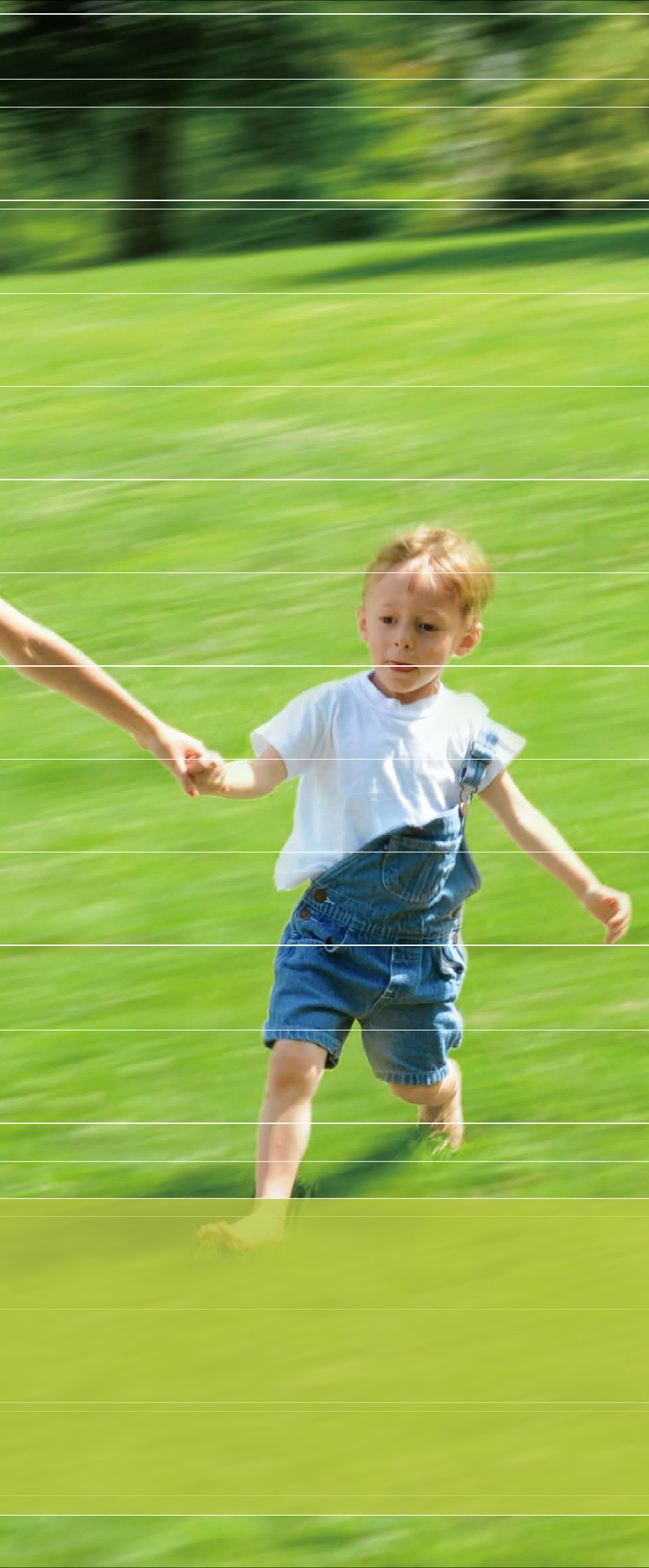
For Life and the Earth



"GAIA" is a term that encompasses the Blue Planet, "Earth," and the infinite varieties of "life" that live and breathe on it. It describes the world as a single living organism, where all life and nature co-exist interdependently.

SANYO is committed to listening to GAIA's voice and engaging in activities that are beneficial to life and the Earth. As a testament to this, SANYO pledges to respond by developing only products that are absolutely essential to life and the Earth. We aim to bequeath a beautiful Earth to future generations. This is SANYO's Brand Vision—Think GAIA.

To realize this vision, and in line with its aim to become a leading provider of Environment- and Energy-related products, SANYO seeks to harness its exclusive, unique technology and innovative creativity to deliver global solutions. All for the Earth. All for life. All for GAIA.



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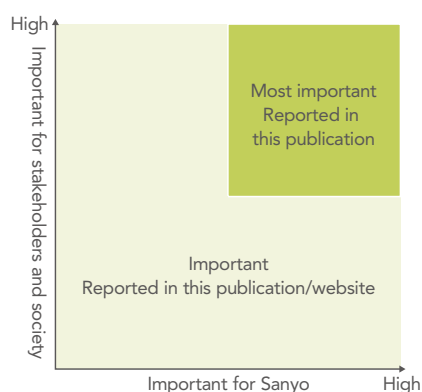
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Editorial Policy

In preparing this latest publication, we have endeavored to select topics that are assumed to be material for a large number of our stakeholders and are vital in terms of the global environment and society. We have also chosen topics that are important for the sustainability of the Company.

This year, in addition to the Company's business strategies, Sanyo's initiatives for "Product Creation" and "Human Resources Development" to realize its corporate sustainability are introduced. Also, for the report on environmental/social activities, Sanyo's various activities, centering around topics that are assumed to be material for its stakeholders, are included, and a new feature is the introduction of various activities at overseas subsidiaries.

On the Sanyo Group "Environment & Social" website, there is also detailed performance data relating to Sanyo's overall environmental and social activities, in addition to an outline of the relevant activities and other information contained in this publication.



Information Regarding Organizational Change

In April 2008, Sanyo sold its mobile phone business by spin-off and made the corresponding business a discontinued operation. Consequently, based on the U.S. GAAP, its business results for fiscal 2008 were excluded from the financial report in this publication, in terms of net sales and operating income.

Scope

Financial report: SANYO Electric Co., Ltd., and consolidated subsidiaries worldwide.
Environmental report: SANYO Electric Co., Ltd., and manufacturing subsidiaries in Japan
Social responsibility report: SANYO Electric Co., Ltd., and main related companies worldwide

Period

April 1, 2007 to March 31, 2008
(Also includes some data, targets, and forecasts outside of this period.)

Publication

October 2008
(Previous: November 2007, Next: Scheduled for September 2009)

Accuracy of Report Information

The reliability of the information management system used by Sanyo for gathering environmental data, as well as the consistency of the information and relevant materials contained in this report has been reviewed by Det Norske Veritas AS (DNV), an independent auditing agency.

Reference Guidelines

- GRI Sustainability Reporting Guidelines 2006
- Environmental Reporting Guidelines, 2007
(Japanese Ministry of the Environment)
- Environmental Accounting Guidelines, 2005
(Japanese Ministry of the Environment)

Other Information

Financial Information Annual Report (for corporate investors)
SANYO NOW (for individual stockholders)
<http://www.sanyo.com/investor-relations/>
Technical Information SANYO Technical Review
<http://www.sanyo.co.jp/giho/index-e.html>

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About Sanyo Electric

Corporate Profile

Name of Company: SANYO Electric Co., Ltd.

Head Office: 5-5, Keihan-Hondori 2-Chome, Moriguchi City,
Osaka Japan

Founded / Incorporated: February 1947 / April 1950

Executive Director & President: Seiichiro Sano

Capital: ¥322,242,319,083^{*1}

Number of Employees: Non-consolidated 10,823;
Consolidated 99,875^{*1}

Number of Consolidated Companies:

186 (67 in Japan and 119 overseas)^{*1}

■ Employees^{*1}

	Number of Employees	Average years of service
Total	10,823	19 yrs 9 mo
Male	8,719	20 yrs 0 mo
Female	2,104	19 yrs 8 mo

^{*1}. As of March 31, 2008

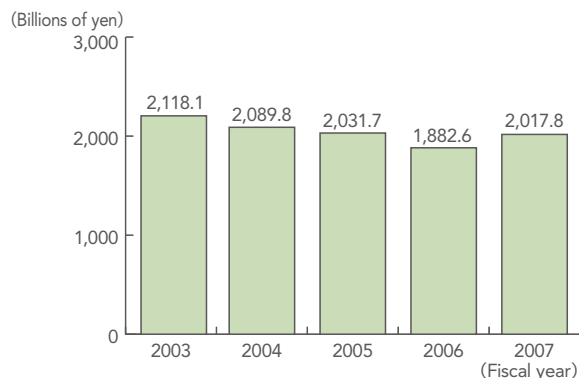
^{*2}. The total number of issued common shares includes 18,585,763 in own shares.

■ Total number of shares that can be issued, actually issued, and number of stockholders^{*1,2}

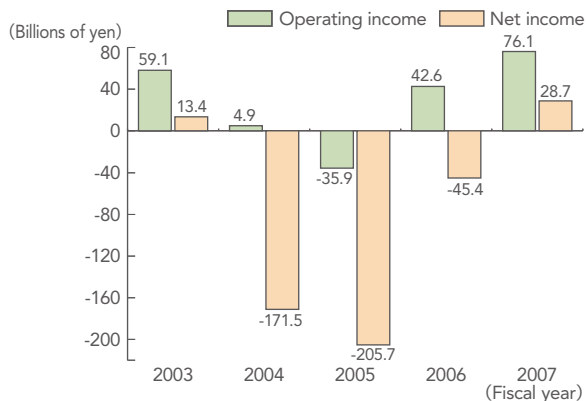
Type	Total number of shares that can be issued	Total number of shares issued	Number of stockholders
Common shares	7,060,300,000	1,872,338,099	249,236
Preferred shares A	182,600,000	182,542,200	3
Preferred shares B	246,100,000	246,029,300	3

Financial Report

■ Net Sales (consolidated)

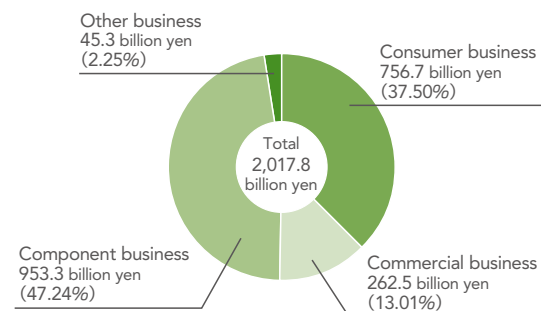


■ Operating income / Net income (consolidated)

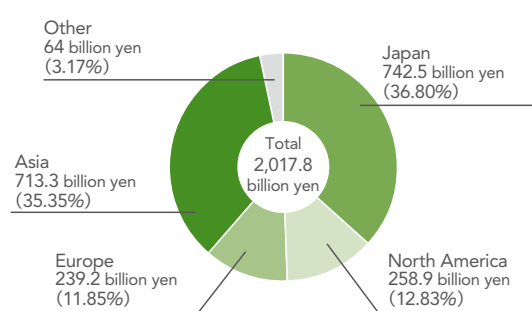


^{*Based on accounting principles generally accepted in the United States of America, due to operations that were discontinued during fiscal 2008, regarding the consolidated financial information for fiscal 2007 and before, numerical values have been partially recalculated.}

■ Sales by Division (consolidated)



■ Sales by Region (consolidated)



We implement reforms to become a leading provider of Environment- and Energy-related products, and aim to create a foundation for a profitable company with renewed public confidence



Seiichiro Sano, Executive Director and President

During the three years leading up to fiscal 2007, the Sanyo Group has been rebuilding its business portfolio, and taking measures to improve management efficiency across the entire group. Through these efforts Sanyo has worked to recover its profit foundation and financial health, and promote management reconstruction. As a result, Sanyo has achieved the operating and net profit targets for fiscal 2007 that it indicated to its stakeholders. The profit foundation has been restored through increased earnings from rechargeable batteries, solar cells, electronic components, and digital cameras, thereby delivering definite results.

■Setting targets for the achievement of a new medium-term management plan

As part of a new medium-term management plan beginning in fiscal 2008, Sanyo has established three-year management targets called, Challenge 1000. The medium-term management policy is to implement reforms to become a leading provider of Environment- and Energy-related products and to create a foundation for a profitable company with renewed public confidence. The goal is to achieve profitability in all the continuing operations within three years (about 1,000 days), and raise the consolidated operating profit to at least 90 billion yen (ideally 100 billion yen or more) by fiscal 2010. The group's businesses have been divided into three domains – energy, electronics, and ecology – according to fundamental technologies and directions. Moreover, based on their markets and business models, the group's businesses have been further divided into either component or electric appliance businesses, for the purposes of business strategy formulation and management.

■Transitioning from management reconstruction to a growth path

In order to make a major strategic transition from the previous three years of management reconstruction to a growth path requiring a solid foundation for profitability, and in order to secure a foundation for sustainable growth, Sanyo is implementing its largest capital investment to date, totaling around 360 billion yen. Seventy percent will be invested in Sanyo's leading business areas: rechargeable batteries, solar technology, and electronic components.

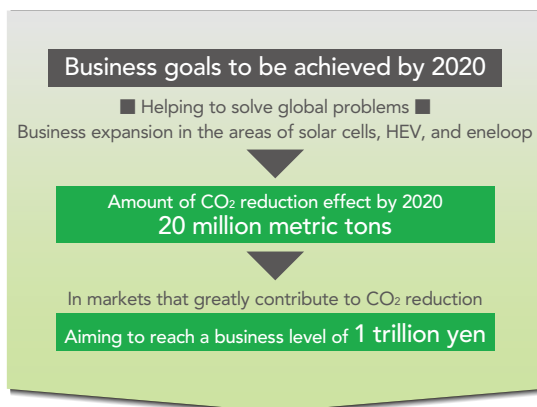
In fiscal 2008, the group is expecting a drop in operating profits due to an increase in depreciation costs ahead of the capital investment, and a deterioration of the business environment including rising material and oil prices, as well as exchange rate fluctuations. However, I would like to assure you that this will only be a temporary drop in profits while we stay focused on our growth strategy. We intend to earn the confidence of stakeholders through the achievement of our new medium-term management plan, as the investment starts to create steady profits.

■ Initiatives to tackle environmental and energy issues by 2020

Society in the 21st century is faced with ever-worsening problems for the Earth's environment, such as global warming, the depletion of resources, water shortages, and pollution. With the issue of global warming in particular, there has been a sudden increase in energy consumption by countries worldwide, together with industrialization, causing CO₂ levels to grow in Earth's atmosphere. As a result, we are now seeing the greatest rise in average global temperatures since the Industrial Revolution. It is expected that the world will run out of oil in 40 years, and natural gas in 60 years, making it urgently necessary to start switching to alternative energy sources.

Sanyo has technology that can contribute to solving these global environmental problems, and this will be a major business opportunity for the future. We are contributing greatly to the prevention of global warming by reducing CO₂ emissions, through rechargeable batteries such as nickel-metal hydride eneloop batteries for consumers, as well as through solar cells and rechargeable batteries for hybrid vehicles. The plan is to expand these business areas to the one trillion yen level by 2020. In doing so, we could possibly offset CO₂ emissions by about 20 million metric tons.

Sanyo is promoting technology development with the target of achieving carbon neutral* status by 2010. This is where the amount of CO₂ emissions generated through our business activities is equivalent to that of CO₂ emissions offset by the use of environmentally-conscious Sanyo products, such as solar cells and rechargeable batteries. Ultimately, we are aiming for a situation where the CO₂ offset by the use of our products is greater than our CO₂ emissions, thereby contributing to the planet with a carbon minus* operation.



* Here, "carbon neutral" and "carbon minus" are terms defined by Sanyo.

■ Strengthening human resource competence while improving functional capability

As a manufacturer, Sanyo needs to obtain the confidence and satisfaction of customers that use our products. In order for general consumers and corporate customers to use our products with confidence, it is important to deliver not only product quality, but also maintain sound management that includes corporate governance and compliance. With the J-SOX law coming into effect in Japan during fiscal 2008, Sanyo is promoting internal controls, legal compliance, and quality management, while increasing the soundness and transparency of our management through proper information disclosure.

Furthermore, it is necessary for the departments in charge of product R&D and design, procurement, manufacturing, sales, and distribution to function properly. The foundation for this is the company's human resource competence. Our employees are precious assets. Based on our human resources philosophy, "The foundation of the company is its people: improve individuals, and maximize skills and talents for the benefit of all," we are developing and placing personnel so that they can maximize their individual potential, while strengthening human resource competence and improving functional capabilities. Moreover, in order to increase functional capability it is necessary to create work environments that motivate employees and provide them with security and safety. We will continue to promote various initiatives in the future so that Sanyo will remain a company that values its employees.

Sanyo is aiming for the sustainable development of its business and society, by steadily executing a new medium-term management plan based on the support of our valued stakeholders. While living up to your expectations, we are carrying out reforms to become a leading provider of Environment- and Energy-related products. I look forward to your continued support in the future.

Seiichiro Sano
Executive Director and President

Business Strategy and Sustainability

Seeing the transition to a sustainable society as a great opportunity, we aim for sustainable development for the Sanyo Group and society while establishing a foundation for a highly profitable company

■ Sharing Sanyo values

"We are committed to becoming an indispensable element in the lives of people all over the world." This is Sanyo's management philosophy, and the starting point for corporate social responsibility (CSR) in the Sanyo Group. The aim is to become a corporation that is loved and trusted by people around the world by providing services with sincerity as well as products with outstanding, original technology.

Our brand vision, Think GAIA, shows our intention to always consider life and the Earth first, in order to help realize a sustainable society and sustainable development of our group. We place importance on sharing this set of values with the roughly 100,000 Sanyo Group employees worldwide.

Furthermore, based on these values, Sanyo strives to listen to and work with its various stakeholders including customers, employees, stockholders, investors, business partners, local communities, NGOs, and NPOs, in order to fulfill its economic, social, and environmental responsibilities.

Sanyo Electric Group Management Philosophy

We are committed to becoming an indispensable element in the lives of people all over the world.

Brand vision

Think GAIA
For Life and the Earth

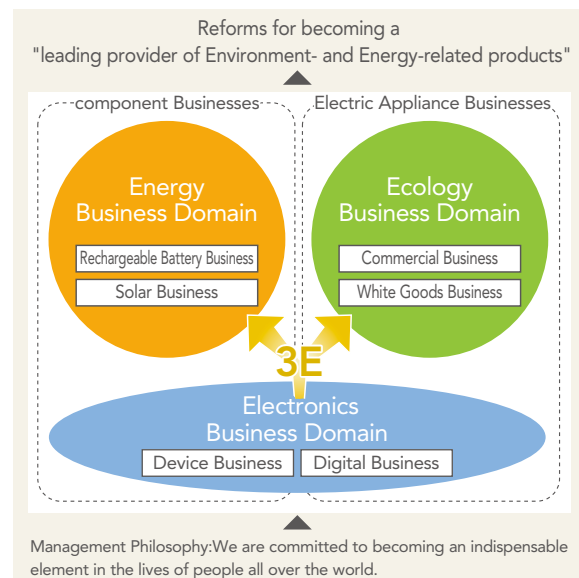
■ Reforms for becoming a leading provider of Environment- and Energy-related products and medium-term management strategy

In order to fulfill social responsibilities and put its management philosophy and brand vision into practice, Sanyo needs to implement initiatives in its operations to deal with social and global environmental issues, while also working to put the group on a continual growth path.

The Sanyo Group has established a Master Plan three-year management strategy, which is set to begin in fiscal 2008. The aim is to establish a foundation for restoring customer confidence, to become a highly profitable company, and to develop into a leading provider of Environment- and Energy-related products. As part of this effort, Sanyo is reconstructing its business portfolio, and has established three main business domains: energy, electronics, and ecology, called 3E's.

This new portfolio is made up of businesses where the Sanyo Group has a large share of the world market, as well as businesses where the group has global presence based on original technology. These directions have been clarified in order to succeed in the face of intense global competition, and to become a leading provider of Environment- and Energy-related products.

Under the Master Plan, medium-term management targets called, Challenge 1000, have been set for achievement by fiscal 2010. The plan places importance on profit targets for the entire group, and cash flow in all the continuing businesses. By giving a commitment to the stakeholders for the tackling and achieving of profitability targets, Sanyo is aiming to earn public confidence.



■ Original technology to support the development of sustainable society

The Sanyo Group is aiming to achieve its Challenge 1000 medium-term management targets, while contributing towards the resolution of global issues. It intends to do this by maximizing the use of electronics and environmental purification technologies, as well as its original energy technologies.

Energy technology is one of Sanyo's areas of strength. A key product, rechargeable batteries, is contributing to the reduction of waste, while supporting better lives for consumers, by providing energy sources for portable devices, such as cell phones and laptop computers, which are integral to daily life. Sanyo's unique HIT solar cell technology, one important source of sustainable energy, has the highest energy conversion efficiency in the world. Along with the refinement of this solar electric generation system, Sanyo is accelerating the development of thin-film solar cells, which hold a lot of promise as a next-generation technology. In this way, Sanyo is contributing greatly to the prevention of global warming.

Another strength of Sanyo's is environmental purification technology. The group's unique water electrolyzation and ozone technologies are used for water and air purification systems. This contributes to the alleviation of public health

problems such as water pollution and virus infection, thereby offering more comfortable lives for everyone. Moreover, this technology has been incorporated into Sanyo's drum-type washer-dryers to realize water-saving benefits, which also helps conserve water resources.

Sanyo also has various electronics technologies developed for the production of home appliances and electronic devices. By meeting the needs of various manufacturers for electronic components and semiconductor devices, and by promoting higher quality, better reliability, greater energy savings, Sanyo is contributing to the improvement of added value and energy conservation in consumer devices. Sanyo's image-processing and digital technologies are also used in devices such as digital cameras, car navigation systems, and LCD projectors, providing consumers with satisfying products.

In this way, the Sanyo Group is simultaneously realizing product development and environmental protection, thereby contributing to the health of the planet, and helping to create a sustainable society. By merging these technologies and showing its overall capability, Sanyo is transforming itself into a leading provider of Environment- and Energy-related products essential to the world.



Business Strategy and Sustainability

Overview of the new medium-term management plan (FY 2008 to 2010)

Energy Business Domain



Rechargeable Battery Business

Strengthen position (performance, reliability, supply capacity, etc.) as the No. 1 business entity, and achieve further growth with 125 billion yen in intensive investment

○Lithium-ion batteries

- Increase productivity through focused investment
- Strengthen partnerships with major clients

○Rechargeable batteries for hybrid electric vehicles (HEVs)

- Based on Sanyo's advanced battery technologies (performance/reliability), start full-swing operation with strategic investment

Electronics Business Domain



Electronic Component Business

○Capacitor Business

- Intensively specialize in high value-added capacitors
- Continue strengthening Industry No.1 position (Production capacity, high-quality/high-reliability technologies)

○Optical Pickup Business

- Further strengthen competitiveness to maintain the No.1 share

Semiconductor Business

- Further concentrate resources in competitive products (Component, niche AV, in-car products)
- Increase facilities investment and pursue higher efficiency
- Strengthen cooperation with other business fields (Improve customer handling capability, increase internal procurement rate)

Ecology Business Domain



Commercial Business

○Air Conditioning Business

- Increase profitability by shifting management resources to growing markets (Europe/China)

○Cold Chain Business

- Increase profitability in Japan, and focus businesses targeting growing markets (China, etc.) and large accounts

○Compressor Business

- Release new high-performance/low-cost models for the volume zone, improve customer-handling capabilities, and develop a market in U.S.A.

○Medical Business

- Lead the medical information system industry in Japan through further strengthening business base (Medicom)

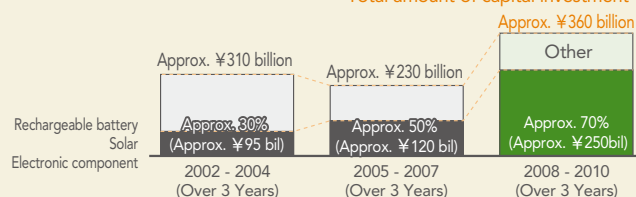
Major Numerical Goals in Mid-term Management Plan

(Billions of yen)

Consolidated	Mid-term Management Plan		
	FY 2008	FY 2009	FY 2010
Net sales	2,020	2,150	2,380
Operating income	50	70	90
			Challenge goal: 100

Group-wide Capital Investment Plan

Total amount of capital investment



Solar Business

Implement 70 billion yen scale strategic investment

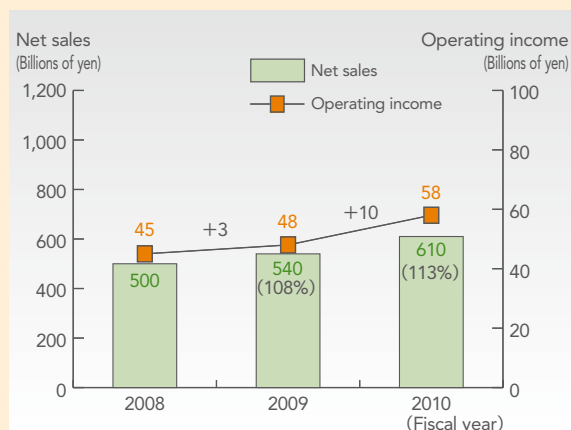
Focusing on overseas markets, increase sales and expand profit

◎HIT Solar Cells

- Expand overseas sales through increasing productivity
- Multiply overseas sales scale, primarily in Europe and North America by fiscal 2010
- Intensify the development of cost-reduction technology
- Strengthen strategic function as a business directly controlled by Headquarters

◎Next Generation Solar Cells

- Establish the "Advanced Photovoltaics Development Center"



Digital Business

◎DI Business (Digital Camera)

- Increase product capabilities through co-development with main clients
- Increase orders through improving cost competitiveness

◎Projector Business

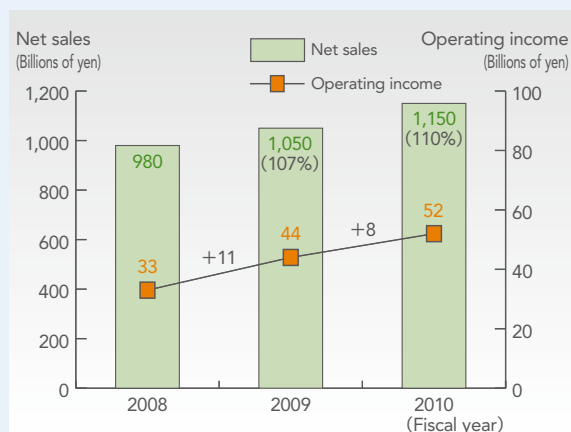
- Maintain dominant share in the production of large projectors and escalate efforts for differentiated products such as ultra-short focus projectors

◎TV Business

- Strengthen the position in the North American market and create stable profits in the emerging markets

◎In-car Product Business

- Expand sales through improvement of customer-handling capability and continuous enhancement of portable navigation system business



- Expand business domain from basic research support to regenerative medical support, and intensify efforts in the overseas markets (Biomedical)

◎Strengthen service function (Commercial products replacement service)

White Goods Business

Turn into a global-level profitable business

- Increase product capabilities by capitalizing on Sanyo's strengths such as environmental technology
- Promote measures to improve management efficiency through SANYO Consumer Electronics Co., Ltd.
- Expand sales on a global scale
- (Set global-scale sales goals and clarify sales responsibilities)



1. Promoting solar cells

Sanyo is contributing greatly to the reduction of CO₂ emissions through increased production of HIT solar cells, which boast the world's highest energy conversion efficiency, and through accelerated development of low-cost next-generation thin-film solar cells.

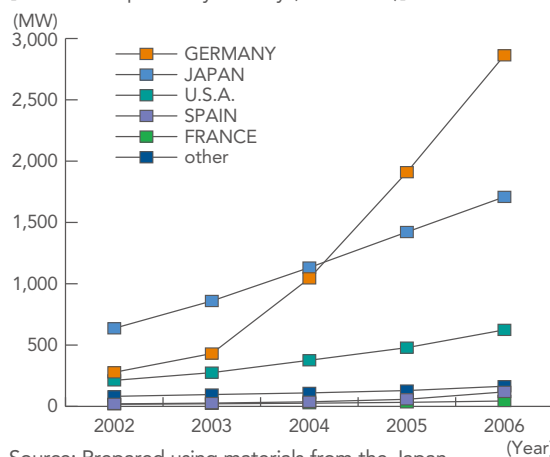


■ Choosing the energy future

As more people seek the conveniences of modern living, the demand for energy increases to support these lifestyles, and this in turn accelerates the problem of global warming. One product that has gained attention as an effective way to help resolve this difficult problem is solar cells. While the worldwide production level for solar cells was about 300 MW in 2000, by 2007 it had grown to 3.7GW. With this strong demand, much more production expansion can be expected in the future.

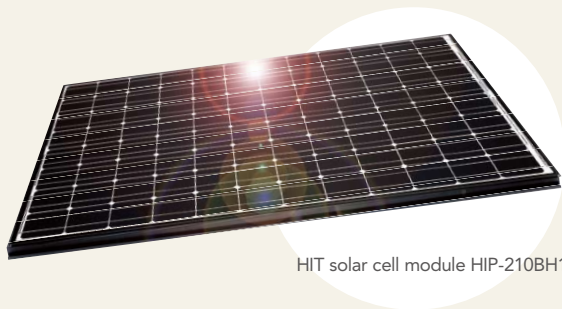
One of the reasons behind this rapid increase in demand in recent years is the creation of systems for the purchasing of renewable energy such as photovoltaic electricity, mainly in Europe. Such incentive structures are called Feed-in Tariff. These systems, created by governments to promote the use of renewable energy, help to increase the demand for photovoltaic electricity, while encouraging new companies to enter the market. Given this situation, Sanyo Electric is responding to the solar market outside Japan, including Europe where growth is strong, and is making a strategic investment of 70 billion yen in its solar business.

【Installed PV power by country (cumulative)】



■ Realizing the world's highest energy conversion efficiency

In contrast to the energy conversion efficiency of 16% to 17% found in regular poly-crystalline solar cells, Sanyo Electric's HIT solar cell¹⁾ has achieved the world's highest conversion level of 22.3% for the research model. By increasing the conversion efficiency, the surface area necessary to generate a given level of power is reduced, which enables the creation of solar systems that can even be installed on the relatively small rooftops of Japanese homes. Individual customers also benefit from the reduced installation costs



HIT solar cell module HIP-210BH1

required to put up these smaller systems.

In addition, since they only suffer a small drop in output during the hotter months due to superior temperature resistance, HIT solar cells offer better electrical generation, especially in summer.

The electricity generated by the HIT solar cells produced by Sanyo in fiscal 2007 represents a reduction in CO₂ emissions of about 60,000 tons annually^{*2}. This is equal to about 1/10th of the CO₂ emitted by Sanyo's manufacturing plants in Japan during one year.

*1. The Heterojunction with Intrinsic Thin-layer (HIT) solar cell is an original technology developed by Sanyo, and is a hybrid model that combines a crystalline silicon substrate and an amorphous silicon thin film.

*2. Calculated based on the example of a 4.2-kW Sanyo system installed in Osaka City, Japan, with an expected annual electrical generation of 4,909 kWh, and a reduction in CO₂ per 1 kWh equal to 0.3145 kg.



HIT solar cell

■ Next-generation solar cells under development

Production of crystalline solar cells has been affected by the rise in global demand for solar cells, and tighter supplies for silicon. Given this situation, Sanyo Electric opened the Advanced Photovoltaics Development Center at its Gifu site in April 2008. The company has now established a structure to develop thin-film solar cells requiring only one percent of the silicon needed for the currently available crystalline solar cells. Since thin-film solar cells use less silicon, they offer a cost-savings through the reduction of raw material. Less energy is needed to manufacture thin-film solar cells, which means that the energy used in manufacturing a solar cell can be recovered through the cell's electrical production in one to two years.

In order to fulfill its role as a leading provider of Environment- and Energy-related products, Sanyo Electric is promoting the development of low-cost solar cells that require less energy to manufacture. By lowering the cost, which is the key to promoting solar cells, Sanyo believes that even more customers will be able to install this technology, and that the impact of CO₂ on the environment will be reduced.

Since Sanyo has substantially reduced the development period for this thin-film solar cell compared to the original plan, a significant increase in R&D costs is expected. By focusing management resources in this field, the company intends to further demonstrate one of its strengths, while fulfilling its role to help provide more comfortable and affluent lifestyles for people around the world, and to protect the global environment.

Sanyo's HIT solar cells have been well received by the market thanks to their high energy conversion efficiency and good temperature qualities. By uniting all those involved with this product, and further enhancing this strength area, we are aiming to make this a core business for Sanyo, as a leading provider of Environment- and Energy-related products.

Seiichi Kiyama
Business Planning Department
Solar Division



2. Developing rechargeable batteries for hybrid vehicles

Accelerating the development of rechargeable batteries for hybrid vehicles, in order to support a future automobile society in harmony with the global environment



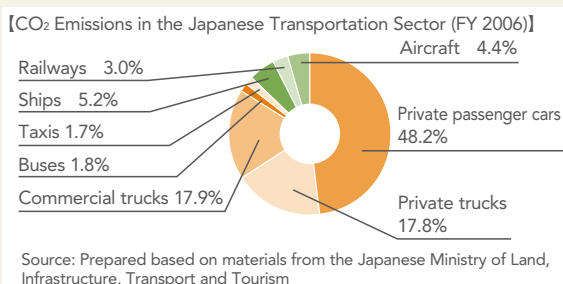
Ford Motor's "Escape Hybrid"

Sanyo's nickel-metal hydride battery system for HEV incorporated in "Escape Hybrid"

■ Rising world automobile demand and environmental regulations

Today, the transportation sector in Japan, including railways, aircraft, and automobiles, are responsible for 20% of the country's CO₂ emissions. Of the CO₂ emitted by the transportation sector, 90% comes from automobiles including buses and trucks. Passenger cars alone account for about half of all the emissions produced by the transportation sector. In the case of gasoline vehicles, about 68% of the emissions generated during the entire lifecycle of a car is produced during driving. Therefore, improving the fuel efficiency of cars is very effective for reducing CO₂ emissions.

While the automobile market is losing speed in Japan, North America, and Europe, demand for cars is growing in emerging markets such as China. The resulting increase in vehicle CO₂ emissions is also a great concern. Given this situation, fuel efficiency standards are being raised in North America, Europe, and Japan, and automakers are being required to improve fuel efficiency in order to reduce vehicle CO₂ emissions.



■ Hybrid vehicles are set to become the next-generation of environmentally-conscious cars

Given the problems of global warming and the depletion of resources worldwide, the automakers are promoting the development of next-generation environmentally-conscious vehicles. The hybrid vehicle* is the leading technology undergoing widespread adoption. By 2012, production is set to reach the 2-million vehicle level, and the market for rechargeable batteries for hybrid vehicles is expected to exceed 200 billion yen.

Compared to regular gasoline vehicles, hybrid vehicles have demonstrated superior gas mileage. The CO₂ generated by the combustion of one liter of gasoline is 2.32 kg. According to one survey, the average distance traveled by cars in Japan is 10,000 km. If a driver replaces his regular gasoline car with an equivalent hybrid vehicle, that person can reduce his CO₂ emissions by 700 kg in one year. Since the average annual distance traveled by car is greater in the US, if hybrid cars were fully adopted in all markets, the CO₂ reduction effect would be even more substantial.

* A hybrid vehicle combines more than one energy source, using them separately or simultaneously to power the car, depending on the circumstances. Generally, electricity is one of the energy sources, and "hybrid vehicle" is actually short for "hybrid electric vehicle."



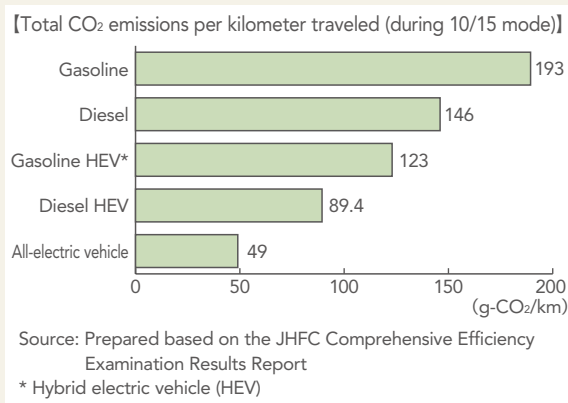
Lithium-ion battery system for HEV (under development)

■ Necessary conditions for the popularization of hybrid vehicles

Various issues need to be overcome in order to accelerate the popularization of hybrid vehicles. Since these vehicles have various additional components including an electric motor and a rechargeable battery, they cost more than a gasoline car, which creates the problem of a higher purchase price.

Therefore, the cost of the required rechargeable battery needs to be reduced through technological and production innovation, in order to close the price gap with gasoline cars, and expand the adoption of hybrid cars.

Another issue is the need to increase the performance and safety of rechargeable batteries while bringing the cost down at the same time. In the market for hybrid vehicle batteries, the demand is shifting from the currently mainstream nickel-metal hydride batteries to the higher performance lithium-ion batteries. In addition to increasing the technological ability for securing safety as a vehicle battery, the adoption of lithium-ion batteries, which are also lighter than nickel-metal hydride batteries, will contribute to greater fuel efficiency through weight reduction.



■ Role of Sanyo Electric as a consumer rechargeable battery manufacturer

Sanyo Electric has been mass producing nickel-metal hydride batteries for hybrid vehicles to supply to automakers such as Ford and Honda. Using the battery technology that Sanyo has developed in various consumer product fields, the company is able to realize the optimal battery systems. Sanyo also has strength in its scale and technical capability for large-scale production with consistent quality, and has the capacity to meet the growing demand.

In order to supply lithium-ion batteries for hybrid vehicles with a high degree of safety and performance, Sanyo is carrying out product development in order to not only reduce the size, weight and cost of these batteries but also to achieve the necessary technical performance, including safety, output, durability, and temperature resistance. In the area of safety in particular, R&D is being promoted into the optimal battery materials and cell composition to overcome the severe conditions created by automotive use such as impact, heat, and overcharging. In addition to the design of the product itself, Sanyo is simultaneously promoting research for the realization of high-precision manufacturing and inspection technology in order to completely prevent any foreign substance from getting into the batteries, which may create major problems.

Sanyo Electric's role is to help protect the global environment, by contributing to the development of environmentally-conscious vehicles through the supply of high-quality safe batteries.

There is growing expectation that hybrid vehicles will help reduce CO₂ emissions. In order to meet these expectations, the urgent task is to further improve the HEV battery. Therefore, we would like to help protect the global environment by developing and supplying high performance batteries.

Hiroshi Ikeuchi
HEV Division
Mobile Energy Company



3. Supplying non-fluorocarbon refrigerated beverage showcase cassettes

Expanding the use of natural refrigerant with less greenhouse-gas effects, using original two-stage compression technology



■ Aiming to reduce the use of HFC greenhouse gases

Today, HFCs^{*1} that do not harm the ozone layer are normally used for insulation or refrigerant for refrigerated beverage showcases. The use of HFCs has increased as a replacement for other fluorocarbon gases, which are about to be totally abolished. However, since HFCs are extremely powerful greenhouse gases, they have been designated by the Kyoto Protocol as gases to be reduced, and are being regulated by EU directives as well.

The recovery of HFCs and other fluorocarbon gases from discarded products is required by law. However, the current situation is that complete recovery of these gases is difficult, since the recovery rate for fluorocarbon gases from commercial air conditioners still remains low across all industries. With the current situation even in the industrial sector, it is desirable to use as refrigerants substances that are found in nature, which will not cause problems even if they leak into the atmosphere. Sanyo Electric has been looking at CO₂ as one such natural refrigerant, and has been carrying out development in this area since 1998.

^{*1} There are many kinds of fluorocarbon gases. Hydrofluorocarbons (HFCs) do not destroy the ozone layer, and have been used as a replacement for Chlorofluorocarbons (CFCs), which have already been completely abolished, in order to protect the ozone layer.

[Refrigerant Types and Properties]

Refrigerant types	Ozone depletion potential ^{*2}	Global warming potential ^{*3}
CO ₂	0	1
HFC	0	140 - 11,700
HCFC	0.001 - 0.52	120 - 2,400
CFC (total abolition)	0.6 - 1	4,600 - 14,000

^{*2} The ozone depletion potential (ODP) of a chemical compound is the relative amount of degradation to the ozone layer it can cause, with CFC-11 being fixed at an ODP of 1. The HCFC and CFC figures are based on the Japanese Law Concerning the Protection of the Ozone Layer through the Control of Specified Substances and Other Measures.

^{*3} The global warming potential (GWP) is a relative measure of how much a greenhouse gas is estimated to contribute to global warming, with CO₂ being fixed at a GWP of 1. The CFC and HCFC figures are cited in the IPCC Third Assessment Report (integration value over 100 years). The HFC figures are based on the Japanese Act on Promotion of Global Warming Countermeasures.

■ Success in making CO₂ refrigerant compressors smaller for more widespread use

While CO₂ holds increasing promise as a natural refrigerant, the issue for practical application of this technology has been how to make the necessary refrigerant compressor smaller. Although CO₂ needs to be compressed in order to use it as a refrigerant, it requires five times the pressure necessary to compress an HFC. In order to secure the power to achieve this pressure, a larger compressor had to be used. Therefore, the use of CO₂ refrigerant compressors was limited to large-scale applications such as ships.

It was air-conditioner twin rotary technology Sanyo Electric has been developing that solved this problem. Based on this technol-

ogy, the company has developed a unique rotary two-stage compressor. By dividing the CO₂ compression into two stages, it became possible to achieve a more efficient compression design than used by conventional CO₂ compressors. As a result, the thickness of the compressor shell was reduced down to 65%, and the weight by 50%, thereby realizing a more compact unit. Moreover, noise and vibration were also reduced, and power consumption was lowered by 16%^{*4} compared to that for a conventional refrigerated showcase of the same type. Due to the compact size of the new technology, a beverage showcase using HFC refrigerant can be reused by just changing the cassette. This means that the main body of the showcase does not need to be replaced, offering the added benefit of waste reduction.

^{*4} Comparison includes the energy saving effect for the non-fluorocarbon cassette and the showcase main unit

■ Expanding the horizon for CO₂ refrigerant compressors, and helping to fight against global warming

Based on the compact size and environmental benefits of its refrigerant compressor, Sanyo has jointly developed a non-fluorocarbon cassette for beverage showcases with Coca Cola, which is working to reduce its environment impact. The showcases will first be supplied to the Beijing Olympics, in a quantity of 5,000 units.

There are several million refrigerated beverage showcases in operation worldwide, and the lifespan of this product is about five years. By promoting the use of CO₂ refrigerant compressors, Sanyo can contribute greatly to the prevention of global warming, as this technology saves electricity, thereby reducing CO₂ emissions, and the refrigerant itself has a low greenhouse effect.

In the future, the technology can be applied to not just refrigerated beverage showcases, but also various other cooling and heating devices including industrial refrigerators and freezers, supermarket showcases, and biomedical equipment. Through such products, we hope to contribute to the prevention of global warming.

By using CO₂, a gas found in the natural environment, as a refrigerant, and by saving energy through the optimization of refrigeration circuits, we developed a non-fluorocarbon cassette for refrigerated beverage showcases that has a lower environmental impact.

In the future, I want to keep contributing to global environmental protection, by developing products using our CO₂ technology.

Jun Sato
Showcase Development Department
Cold-Chain Business Division
Commercial Solutions Company



4. Supplying “enegreen” refrigerant-type multi-server coolers

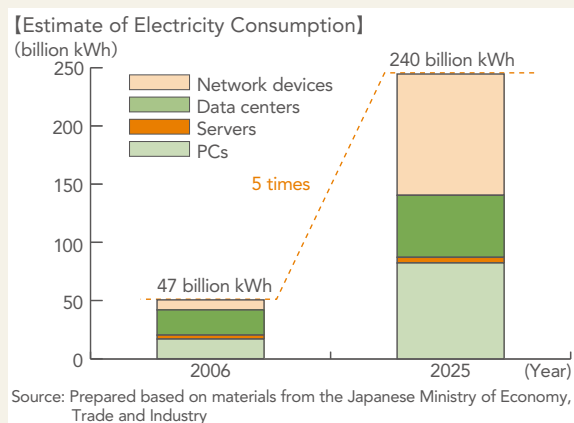
Helping to control rising electricity consumption in the IT field, by combining the expertise of two companies



■ Electricity consumption continues to rise in the IT sector

Electricity consumption is steadily rising for servers and other IT equipment, due to the higher performance of these devices for purposes such as video streaming on the Internet. The issue has become how to reduce the energy required for the equipment to process vast amounts of data, and how to handle the large amounts of heat produced by the devices.

According to the Ministry of Economy, Trade and Industry, the proportion of electricity consumed by IT equipment across Japan in fiscal 2006 was 5% of the national electrical usage. The level of IT electricity consumption will continue to increase in the future. By 2025, it is estimated to rise by 20% in Japan, and the issue of electricity consumption for IT equipment and facilities is becoming more pressing.



■ Reducing air-conditioning electricity consumption by up to 25% for an entire data center

In light of this, the “enegreen” refrigerant-type multi-server cooler is the realization of an idea born from a project to develop new businesses based on environmental themes, which Sanyo Electric and IBM have been working on since 2004. Since this server cooler eliminates about 50% of the server heat at the source, electricity consumption can be reduced by up to 25% or more, together with the room air-conditioning in the data center.

During the development however, we experienced a lot of trial and error. While Sanyo Electric had previous experience in delivering air-conditioning systems for data centers, it was the first time for us to attach a product directly to the server racks.

In order to completely avoid getting water near the IT equipment, we decided to use refrigerant that vaporizes at room temperature, rather than water, as the server coolant medium. Since the coolant phase-changes between a liquid and gas, it was difficult to design a heat exchanger with stable uniform performance compared to a water-cooled system. Therefore,

it took over one year to develop a heat exchanger that could work as well as a water-cooled system.

In order to obtain cooling performance along with greater cooling efficiency, we were able to make the most of our expertise accumulated through past development of industrial air conditioners. The answer was to successfully use multiple temperature sensors. By applying the same approach as used for optimizing the temperature around people in an air-conditioned room, individual cooling was realized at each heat source according to the server operation conditions. In this way, efficient cooling was realized.

■ Contributing to society by working with companies that have expertise in different fields

Comprehensive discussions continued through to the product release, and during the development process there were a lot of operations for which we had no prior experience. Although we started out with a lot of unanswered questions, through technical exchange by the engineers of both companies, we have been able to produce new products and services. This has provided great ideas for future business development, while also increasing the possibilities for technology application.

We would like to create products and services that do more to protect the global environment, by bringing together the environmental and energy technologies of Sanyo Electric, with the advanced IT technology, experience and expertise of IBM Japan. In the future we think it will be increasingly important to take on the challenge of larger problems, by working with several companies with expertise in different fields.

Sanyo's refrigeration and air conditioning technologies are very advanced, and offer unlimited possibilities. By finding solutions to various problems relating to heating and cooling through the use of more flexible thinking, we will keep on contributing to global environmental protection through refrigerators and air conditioners.

Kazutoyo Kagami
Product Development Department
Airconditioners Business Division
Commercial Solutions Company



Developing invaluable human resources

In order to create groundbreaking products and services, Sanyo is developing human resources that continually innovate.



■ Developing people resources that recognize their roles and continually innovate

In recent years, social and business environments have changed at an astounding pace. In order for companies to rapidly respond to changing market needs, it is essential to have human resources with the ability to look at things and the future with a broader perspective.

At Sanyo Electric, we see our employees as invaluable human resources, and continue to create programs that can develop and utilize the abilities of each and every person, while striving to establish this as part of our corporate culture. Sanyo wants its employees to recognize their own roles, always take on challenges without the fear of failure, and continually innovate. These are the ongoing hopes and expectations that Sanyo has for its people.

It is necessary to develop these kinds of human resources and their abilities in order to succeed in the face of global competition, and to create products and services that contribute to society.

■ Sharing goals, and promoting systems for ability development

Support programs are necessary in order to broaden the possibilities for working people. In April 2008, Sanyo Electric's new personnel system went into full-scale operation.

One of the changes with the new system is that employees are now evaluated based on personal goals set for the longer periods of three or five years. This is because a long-term perspective is necessary in order for people to complete a certain job and produce results. Another change is the breaking down of company-wide targets into departmental targets, and then clarifying individual roles in the company, and what abilities are needed for those roles. Over the last decade or so, we think the companies have relied too much on individu-

als to develop their own abilities through correspondence courses or e-learning on the Internet. The time has come for companies to reconsider what skills they want their employees to acquire.

While ongoing skills development is being carried out for all employees, and the main areas are rank- and ability-specific training, it is important that they function organically. In fiscal 2008, Sanyo will carry out various types of training in the priority areas of 1) technology, marketing, and sales regions, 2) management skills, 3) global response ability, and 4) raising basic skills of human resources with three year work experience.

Human Resources Philosophy

The foundation of the company is its people: improve individuals, and maximize skills and talents for the benefit of all.

The Model Employee

The individual who understands and fills each role while continually seeking ways to improve and innovate.

Global manager training to increase the overall strength of the Sanyo Group

In order to raise the overall strength of the Sanyo Group as global entity, it is important to share the same values and goals, to improve management abilities, and to promote interaction between people in the group. Consequently, every year Sanyo holds an International Training Course (ITC) for upper-rank managers from principal subsidiaries and affiliates outside Japan.

A total of 13 people from 9 countries including Indonesia, China, and the US participated in the fiscal 2007 ITC. The participants reviewed the current situation of Sanyo Electric and its business environment, as well as the company's future directions. They then investigated what they need to do at their own companies to take on the challenge of innovation, from a global perspective that includes the entire Sanyo Group and not just their individual companies.

As a new experiment, an Exchange Symposium was held based on the theme of "Personal Roles and Teamwork Issues." The ITC participants and selected Sanyo Electric employees from Japan held a joint discussion on methods to resolve such issues, and mutual understanding was deepened.

Participant's Opinion

By attending the international training course and meeting members from other Sanyo companies from all over the world, I was able to better understand the role of other departments and also assess myself against the international level of Sanyo management. I was also able to re-confirm the basics of profitability and I can now calculate Sanyo's benefit for "improvement-suggestions". By utilizing what I learned in the training in my daily work I have also learned to delegate more and focus on more relevant work. I recommend this training course to my colleagues and subordinates for developing personal skills and contributing to a globally growing Sanyo Company.



Christopher Fietzek
SANYO Component Europe GmbH

Advanced Specialist Training to realize inter-organizational business execution

In order to provide innovative products and services that can contribute to a sustainable society, market needs and social conditions must be rapidly ascertained, and ways to meet the situation must be devised. Consequently, corporate sections need to function together organically rather than operating in isolation, and it is necessary to develop highly specialized positions that can execute business horizontally across the organization.

Given this necessity, an Advanced Specialist Training was conducted in fiscal 2007 in order to promote horizontal understanding of the functions that make up the supply chain, namely, research, development, product planning, design, purchasing, manufacturing, and sales. The participants set

specific targets for financial result contribution, behavior change, and awareness reform at each of the four training sessions. They also aimed for the realization of business execution horizontally across departments for each type of job, and carried out group discussions and presentations on activities and issues that need to be addressed.

Participant's Opinion

It was a beneficial and stimulating training course. I learned a lot about working with people from departments that I usually do not come in contact with. I once again realized that Sanyo has a lot of different technologies. By bringing together these technologies, I am convinced that wonderful products will be created.



Katsuharu Suematsu
Sound and Communication Section
Product Strategy Department,
Sales H.Q.
SANYO Semiconductor Co., Ltd.



Advanced Specialist Training

High expectations for the Refrigeration School as a place for core technology transmission

Thanks to the advancement of tools such as computer-aided design and simulation in recent years, the amount of work being carried out by a single engineer is increasing, and the product development period has also been drastically shortened. However, the drawback of this is that it has become harder to hand down technology and expertise as part of daily operations. Therefore, Sanyo has set up a "Refrigeration School" with the goal of internally retaining and transferring to younger employees the skills, technology and expertise that Sanyo Electric has developed over many years. This program is designed to teach refrigeration and air-conditioning technologies that are useful in practical applications, and that are difficult to convey just through written materials.

The Refrigeration School not only teaches the basics of this specialized field, but also wisdom and approaches that go beyond mere technology, gained through years of trial and error. Ongoing lectures are also given on the ability to design from a comprehensive perspective, in order to pass this knowledge on.

Even though participation is voluntary, over 870 employees have taken part in the program during the year since it began in May 2007. This is because the engineers are enthusiastic about their own personal growth, and the instructors have been able to give lectures that exceed participants' expectations. The younger engineers are very interested in what the accomplished senior engineers have to say. Providing this program for employees to learn from master engineers is also an effective way to secure good human resources.



Refrigeration School class

Instructor's Opinion

Sanyo Electric's strength in the commercial business is its ability to produce a synergy effect among the compressor, air-conditioning, biochemical engineering, cold chain and other technologies that is not possible at single-technology manufacturers.

In the past, I found training work in cooperation with different business fields to be difficult, and sometimes irritating. However, I was really glad to be able to start giving lectures in cooperation with the compressor and appliance fields at Refrigeration School. While the method of one-to-one instruction previously used is now difficult to realize, lectures are a useful way to systematize technology transmission.



Kazuo Takemasa
HVAC Technology
Development Center
Commercial Solutions Company

Participant's Opinion

My job is to design compressor motors, and I am aiming to increase efficiency in this area. I decided to participate in the Refrigeration School in order to further improve motor performance through a better understanding of the technologies surrounding my field. In Refrigeration School the instructor explains many points about which I have questions but could not ask anyone due to my busy daily schedule. We receive detailed knowledge and a lot of expertise that you can only get through years of experience. Through the program I came to realize that active communication in daily activities is important for expertise absorption.



Yoshitomo Nakayama
Compressor Development
Engineering Department
Compressor Division
Commercial Solutions Company

As a leading provider of Environment- and Energy-related products with a brand vision of Think GAIA, Sanyo must foster the personal growth of its employees in order to obtain sustainable growth for the company. In addition to rank-specific training, Sanyo is also expanding its training according to specialized abilities. The aim is for all employees in the Sanyo Group to act on their own initiatives in order to become a company that contributes to the world.



Shinya Nagamachi
General Affairs/Human Resource H.Q.



We are committed to becoming an indispensable element in the lives of people all over the world.

The Sanyo Group carries out its business activities in cooperation with various stakeholders, including customers, business partners, employees, stockholders, investors, local communities, NGOs, and NPOs. Surrounding this is the irreplaceable global environment, with which we must live in harmony.

In order to fulfill its social responsibilities, the Sanyo Group must carry out its business activities from a sound management foundation, while maintaining good communication with its various stakeholders. It has the responsibility to not only realize sustainable growth for the company, but also contribute to the development of a sustainable society. Sanyo needs to implement measures in all its processes to help protect the global environment, and thereby minimize its burden on the planet.

The following is a report on the management structures and initiatives that are considered important for the Sanyo Group to fulfill its social responsibilities.



Management

In order to build good relations with stakeholders and increase corporate value, Sanyo is striving for sound company management that is more efficient and transparent, along with improved internal controls.

Corporate Governance

■ Basic Approach to Corporate Governance

Sanyo believes that the improvement of corporate governance is essential for putting its management philosophy into practice and increasing corporate value. Therefore it is strengthening its internal control system based on sound management systems, and is securing management transparency through suitable and timely information disclosure.

For Sanyo, compliance is an important foundation for fulfilling its social responsibilities, and the company understands that thorough compliance is essential for the continuation of business activities. In addition to improving its own corporate governance, Sanyo is actively promoting compliance management throughout the group. The Sanyo Electric Group Principles of Conduct have been established as a policy that must be followed by all group executives and employees. It requires them to not only observe all relevant laws and internal rules, but also to comply with a wide range of corporate ethics. A specific code of conduct has also been established in order to carry out the Principles of Conduct, and the group executives and employees have been made well aware of this code.

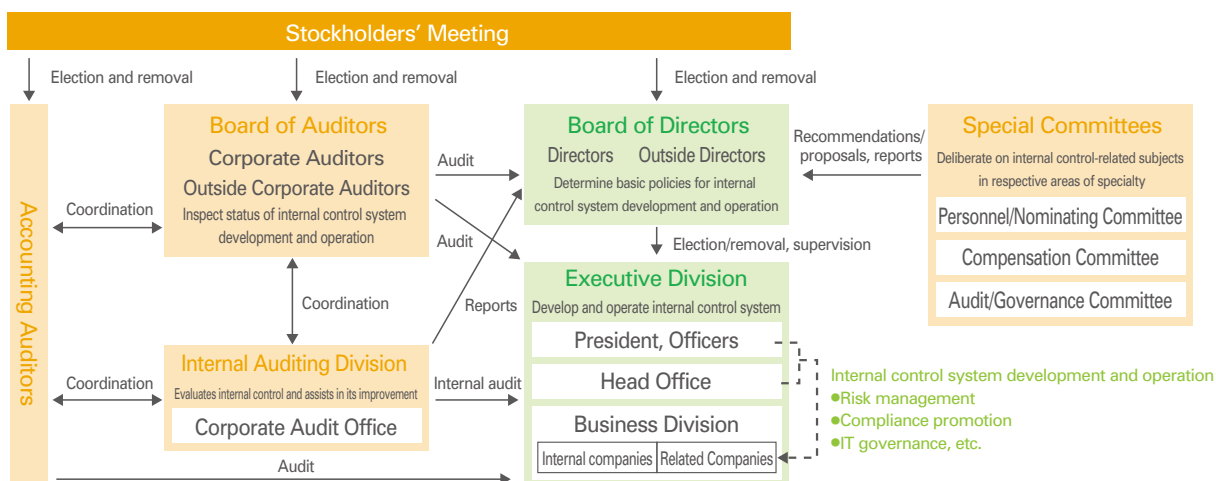
■ Board Members and Board of Directors

The Company holds regular monthly meetings of the Board of Directors, to make important decisions and oversee business execution by executives. The resolution of certain important matters requires the approval of more than two-thirds of the total Board.

To facilitate careful deliberation at such meetings and improve management efficiency, all board members attend the Steering Committee, which are held at least twice a month. The Steering Committee preliminarily review items on the agenda for the meeting of the Board of Directors, and make swift decisions regarding fundamental and important subjects relating to certain business implementations.

In fiscal 2007, Board of Directors' meetings were held 27 times, and the average attendance rate for outside directors was 87%. As of June 2008, the Board of Directors comprises nine directors, two of whom are outside directors. These two directors were appointed by a resolution of the general stockholders' meeting, and were nominated by underwriters from capital increase through issuance of preferred stocks to third parties (fiscal 2005). The purpose was to have experts in the areas of investment, finance, and management strategy, participate in the Board of Directors.

■ Management System and Internal Control System



■ Corporate Auditors and Board of Auditors

Based on the Japanese Company Law, the Company has a Board of Auditors. The Corporate Auditors attend Board of Directors' meetings and other significant meetings, inspect important documents of decisions and receive reports from internal audit sections and other relevant departments. Through these activities, the Corporate Auditors stringently monitor the performance of the directors. The Corporate Auditors also inquire into the auditing policies and plans of the accounting auditors, and receive reports and explanations on the results of audits whenever they are performed, so as to ensure mutual coordination with the accounting auditors.

After problems regarding the voluntary amendment of previous financial statements, Sanyo implemented regular financial investigation meetings attended by the accounting auditors, the Corporate Auditors, and the accounting department in order to share information while identifying and resolving any accounting issues.

In fiscal 2007, the Board of Auditors met 19 times, and the average attendance rate for outside auditors was 96%. As of June 2008, the Board of Auditors comprises six corporate auditors, three of whom are outside auditors.

■ Special Committees

Sanyo has three special-purpose committees: the Personnel/Nominating Committee, the Compensation Committee, and the Audit/Governance Committee. With the inclusion of members who are outside experts, these committees discuss specialized matters relating to internal control, make recommendations and prepare reports to the Board of Directors. The main areas of deliberation for these committees are as follows.

Committee name	Main deliberation area
Personnel/ Nominating Committee	① Agenda items to be submitted to the General Meeting of Stockholders relating to director dismissal, selection of director candidates ② Important agenda items relating to executive personnel affairs necessary for management execution
Compensation Committee	① Agenda items to be submitted to the General Meeting of Stockholders relating to the total amount of director compensation ② Individual board member (and officer) compensation (policy determination, calculation method, etc.)
Audit/Governance Committee	① Agenda items relating to internal control (especially group-wide internal control) and corporate governance ② Agenda items relating to compliance hotline reports and internal audit results

■ Internal Control System

In order to improve and strengthen its internal controls, Sanyo has established a position in charge of this area including observing the relevant laws relating to business activities, as well as improving effectiveness and efficiency of businesses and ensuring financial report reliability. In order to ascertain internal control activities in a unified way, in October 2007, the company established an Internal Control Office, and is promoting the implementation of an internal control system across the group. Sanyo is also detecting and resolving any internal control deficiencies through internal audits by the internal audit sections.

Now that the Japanese Financial Instruments and Exchange Law has taken effect, Sanyo is obligated to submit internal control reports as a listed company.

Specifically, Sanyo must carry out self evaluations and internal audits regarding implementation conditions for its internal audit system in order to ensure the reliability of financial reports. The company must also prepare internal control reports, and submit auditor-prepared internal control reports along with financial statements. Sanyo's Internal Control Office is mainly involved in the selection of internal control promotion staff in the head office, internal companies, subsidiaries and affiliated companies. The office also identifies problems across the group, while promoting evaluation of internal control implementation and operation, progress management, training of staff, and other measures.

Report On Amendments to Previous Financial Statements

Sanyo voluntarily amended its preliminary releases for business result (tanshin) for the period ending March 31, 2001 through the period ending September 30, 2007. It also amended its financial statements for the year ending March 31, 2003 through the year ending March 31, 2007.

The reason for the amendment of previous financial statements was an accounting problem whereby the securities impairment loss for associated companies was not handled according to the relevant accounting standards and practical guidelines.

As a result of the extremely serious situation that necessitated the amendment of previous financial statements, Sanyo has undertaken a full investigation of the matter, and is taking internal measures to prevent any possible recurrence of this kind of problem. In addition, the company is further strengthening its internal controls, and is making every effort to restore the confidence of all stakeholders, including suppliers and stockholders, as soon as possible.



Corporate Governance

→ www.sanyo.com/corporate/profile/governance.html

Management

Compliance

Sanyo regards compliance (the observing of applicable laws and internal rules and the acting on ethics) as an important basis for continuity of business operations. In 2006, we established the Sanyo Electric Group Code of Conduct and Ethics, to be applied to our executives and employees working at Sanyo in Japan and all over the world. The Code of Conduct and Ethics provides guidelines for day-to-day work and other corporate activities from the perspective of compliance.

■ Compliance Promotion System

We have established a compliance promotion system, led by the Chief Supervisor (President) and the Compliance Officer (selected from among executives). In addition, compliance leaders appointed by head office, each internal company and each headquarters play a central role in promoting compliance efforts. Compliance leaders ensure adherence to the Code of Conduct and Ethics and prevent violation of laws and regulations.

For early detection of and response to compliance-related issues, we have installed Compliance Hotlines inside and outside the Company, as service desks to receive inquiries from and offer consultations to our employees. The contents of inquiries and consultations from employees are reported to Chief Supervisor and Compliance Officer, and, based on their instructions, measures such as investigation and assistance for improvement are forwarded.

■ Compliance Promotion in Key Areas

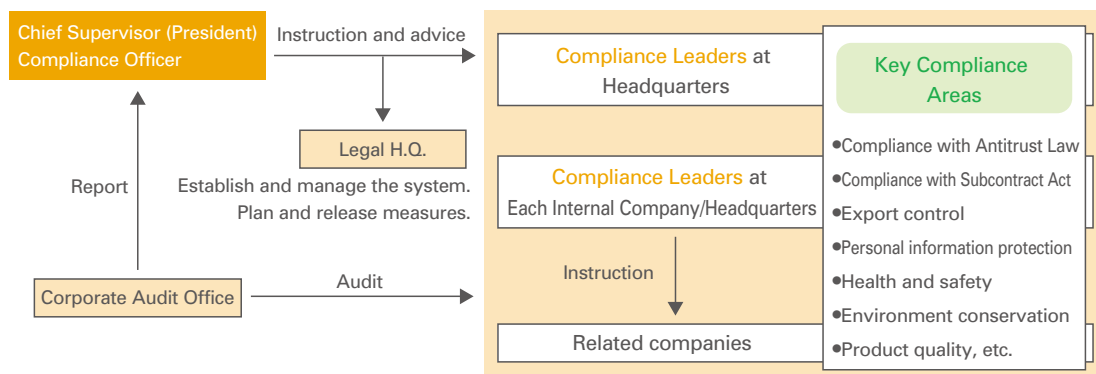
Sanyo has designated key compliance areas that require group-wide commitment. These key areas include compliance with antitrust law, export control, personal information protection, product quality and health and safety. For each of these key areas we have developed internal rules, according to which management is exercised.

■ Dissemination of Code of Conduct and Ethics to All Employees

We have published the Code of Conduct and Ethics for the countries and regions where Sanyo's subsidiaries and affiliated companies are located (15 languages), so as to disseminate the Code to the Sanyo's executives and employees worldwide. In Japan, the Compliance Guidelines have been distributed internally in order to explain the Code and present compliance-related cases.

In order to deepen understanding of the Code of Conduct and Ethics among executives and employees, Sanyo is continuing to implement compliance education programs for stratified training. In fiscal 2007, compliance training was carried out for the newly appointed Vice Presidents in the new management system taking effect in April 2008, and for the executives of Sanyo's internal companies and headquarters. In fiscal 2008 and beyond, Sanyo will place importance on compliance for the improvement and strengthening of its internal control system, while further reinforcing compliance on a global management level.

■ Compliance promotion system



Risk Management

Regarding risks that may have a significant impact on business operations, it is necessary to analyze the possibility of risk occurrence, to quickly detect risk and take necessary measures to minimize the damage should the risk occur.

In addition to compliance promotion, the Sanyo Group has placed importance on risk management for the improvement and strengthening of its internal control system. Integrated risk management is being implemented for the entire group including consolidated subsidiaries.

Risk Management System

Sanyo has designated one executive as Chief Supervisor, and has set up a group-wide risk management office that supports the Chief Supervisor, in order to conduct risk management throughout the Group. In fiscal 2007, we established a risk management system on a trial basis, in accordance with JISQ2001 (the Japan Industrial Standards guidelines for building risk management systems).

Specifically, each department is identifying, evaluating, responding to and minimizing risks, according to the Sanyo Electric Group Risk Management Policy. The resulting information is gathered by the group-wide risk management office, and continual improvements are made. Past risk and response cases, such as large-scale disasters, health and safety accidents, and product quality problems, are put into a group database and shared on a special intranet site. This is done in order to realize rapid and effective risk response while preventing similar disasters or accidents.

SANYO Electric Group Risk Management Policies

(Established May 2007)

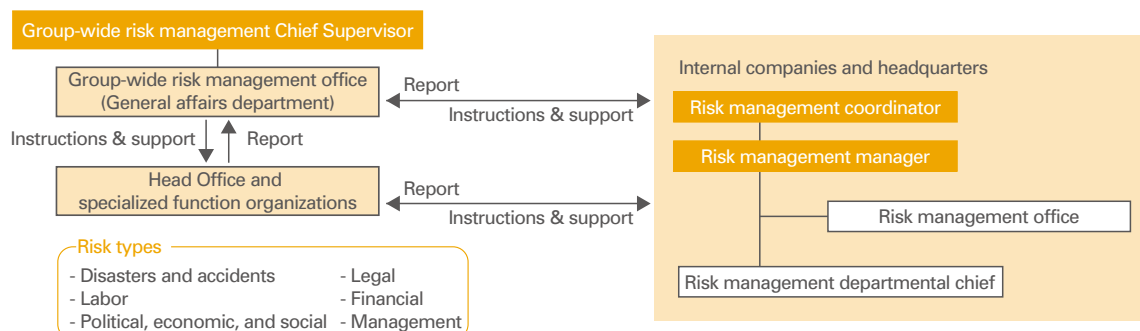
1. Basic Purposes of Risk Management

Basic purposes of risk management are to continue business due to reduction of loss in management resources and rapid restoration at occurrence of an emergency event and to increase the corporate value, by making appropriate response to risks which may have a significant effect on the operation of business.

2. Action Guidelines of Risk Management

- (1) To try to maintain safety and health of company members and preserve management resources
- (2) Not to damage safety and health and interest of those who are concerned
- (3) To try to make a rapid and appropriate restoration in the event where any management resources are damaged
- (4) To take responsible actions complying with laws and regulations and generally accepted ideas in the event where any risk event occurs
- (5) To raise the society's valuation of the company through continuous risk management activities
- (6) To reflect social need regarding risk on risk management

Risk Management System



Environmental Mid-term Strategy

Aiming to build foundation as a "leading provider of Environment- and Energy-related products" through realizing the Mid-term Management Plan from an environmental perspective

Business Activities to Help Solve Environmental/Energy Problems

In pursuing businesses as a "leading provider of Environment- and Energy-related products," the Sanyo Group's future vision is to be a contributor in resolving the global environmental/energy problems with its superior technological capabilities. From this perspective, Sanyo is promoting the development of technologies and products. In particular, considering the emission control of the CO₂ responsible for global warming as a top-priority issue, the Sanyo Group has formulated the "Global Environmental Action Plan." Among the goals set is to become "Carbon Neutral"^{*1} in 2010 whereby the CO₂ emission reduction through use of group-wide environmentally-conscious products, including solar cells and rechargeable batteries, equals the CO₂ output from business activities worldwide (approximately 1.6 million tons). Further, Sanyo's ultimate aim is that by 2020 CO₂ emission reduction through product use significantly surpasses CO₂ output from business activities. Thus, Sanyo is aiming to become a company that can contribute to realizing a "Carbon Minus"^{*1} society. To this end, Sanyo will actively promote dissemination of solar cells, HEV rechargeable batteries, and "eneloop" consumer nickel-metal hydride batteries, through which an annual CO₂ emission reduction of approximately 20 million tons can be expected by 2020.

At the same time, to control emission of CO₂ and other greenhouse gases from business activities, Sanyo will act in line with the target set by the electric/electronic industry of Japan, which is "by fiscal 2010 reducing CO₂ emissions per basic unit of production output by 35% from the fiscal 1990 level." In addition, based on its own goals set for reduction of CO₂ emissions per unit of production output respectively for GEMS^{*2}, domestic manufacturing facilities, and worldwide, Sanyo will strive to further improve energy efficiency.

^{*1} "Carbon Neutral" and "Carbon Minus" are terms selected for use by Sanyo. "CO₂ emission reduction through product use" is calculated based on Sanyo's criteria.

^{*2} GEMS stands for "Group Environmental Management System," in which the main business facilities of the Sanyo Group in Japan have been integrated to promote environmental management, resulting in acquisition of ISO14001 certification as a group.

Promoting Thorough Environmental Compliance

With the view that observing environment-related laws and doing risk management are important matters for environmental management, Sanyo will work to minimize social/economical losses and risks associated with them. In particular, Sanyo will give priority to promoting "global-based intensive management of soil contamination statuses" and "global-based intensive management of chemical substances in products."

For soil contamination countermeasures, a land history survey will be conducted on all the lands the Sanyo Group is concerned with, including those overseas. Based on the order of priority that will be determined, Sanyo will systematically carry out surveys to check for soil contamination and investigate soil conditions.

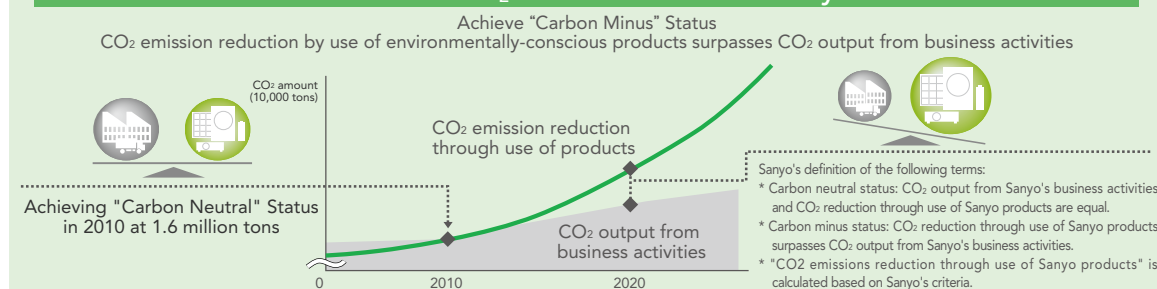
Further, for management of chemical substances in products according to RoHS and other regulations, against a backdrop of tighter environment laws in countries all over the world and diversifying procurement/supply forms, such as overseas manufacturing and overseas distribution, Sanyo will ensure compliance with the Sanyo Group's standards and intensify management of its subsidiaries in this regard.

Promoting Global-based Environmental Management

The environmental management system is the foundation for a business enterprise to steadily fulfill their environmental responsibility. The Sanyo Group is constantly expanding construction of its ISO14001-based environmental management system in Japan and overseas. From now on, Sanyo will also promote system construction in those overseas non-manufacturing companies in which the EMS has not been constructed yet. Thus, Sanyo will steadily improve its management system on a global basis.

Further, to promote environmental management group-wide, it is vital that employees have sufficient knowledge and awareness of environmental affairs. In this regard, the Sanyo Group will provide unified environmental education programs for employees worldwide.

Initiatives for CO₂ Emission Reduction by 2020



Highlights

- Sanyo Global Environmental Action Plan settled and Global Environmental Management undertaken – Achieve Carbon Neutral Status*¹ in 2010 –
- Share of total product sales conforming to Sanyo's environmentally conscious standard reached 62.4%

SANYO Electric Group Environmental Policies

Becoming a “Leading Provider of Environment- and Energy-related Products”

Basic Policy

Based on the corporate vision, “Think GAIA,” and as a “leading provider of Environment- and Energy-related products,” the SANYO Electric Group is aiming to protect the global environment while also realizing a prosperous and secure society. In order to achieve this goal, SANYO is taking a leadership role in the global environmental field.

Action Plan

To put into practice the basic policy, the SANYO Group as a whole is committed to undertaking the following measures on a global level.

1. Reforming awareness and behavior

With all employees changing their thinking and actions and carrying out environmental protection activities independently, the SANYO Group also intends to actively enhance its environmental contribution through its products. In order to achieve this, SANYO will not only carry out environmental education and awareness-raising activities, it will also strengthen investment in management resources for the commercialization of products that help protect the environment.

2. Compliance

In addition to identifying environmental issues, the SANYO Group will establish and observe regulations and standards that reflect both the law and the expectations of society.

3. Development of businesses that contribute to the environment

By developing revolutionary technologies that help resolve environmental issues, the SANYO Group will actively develop business areas that promote products beneficial to the environment, and thereby increase its corporate value.

4. “Zero emissions” challenge

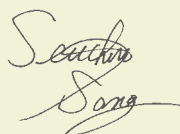
The SANYO Group is rising to the challenge of attaining zero emissions through reforms based on the management of harmful chemical substances, the reduction of energy and materials use, and the streamlining of operations through individual employee efforts. As a result of this, SANYO will help to minimize the effects of global warming, save decreasing resources, reduce waste, and prevent pollution. Moreover, activities under the SANYO environmental management system must continually be improved, through the active setting and periodic reviewing of targets from a practical, long-term perspective.

5. Working with society to improve the global environment

By actively disclosing information and participating in the improvement of the natural environment, the SANYO Group intends to build good relationships with societies around the world, and actively contribute to the conservation of the global environment.

Scope:

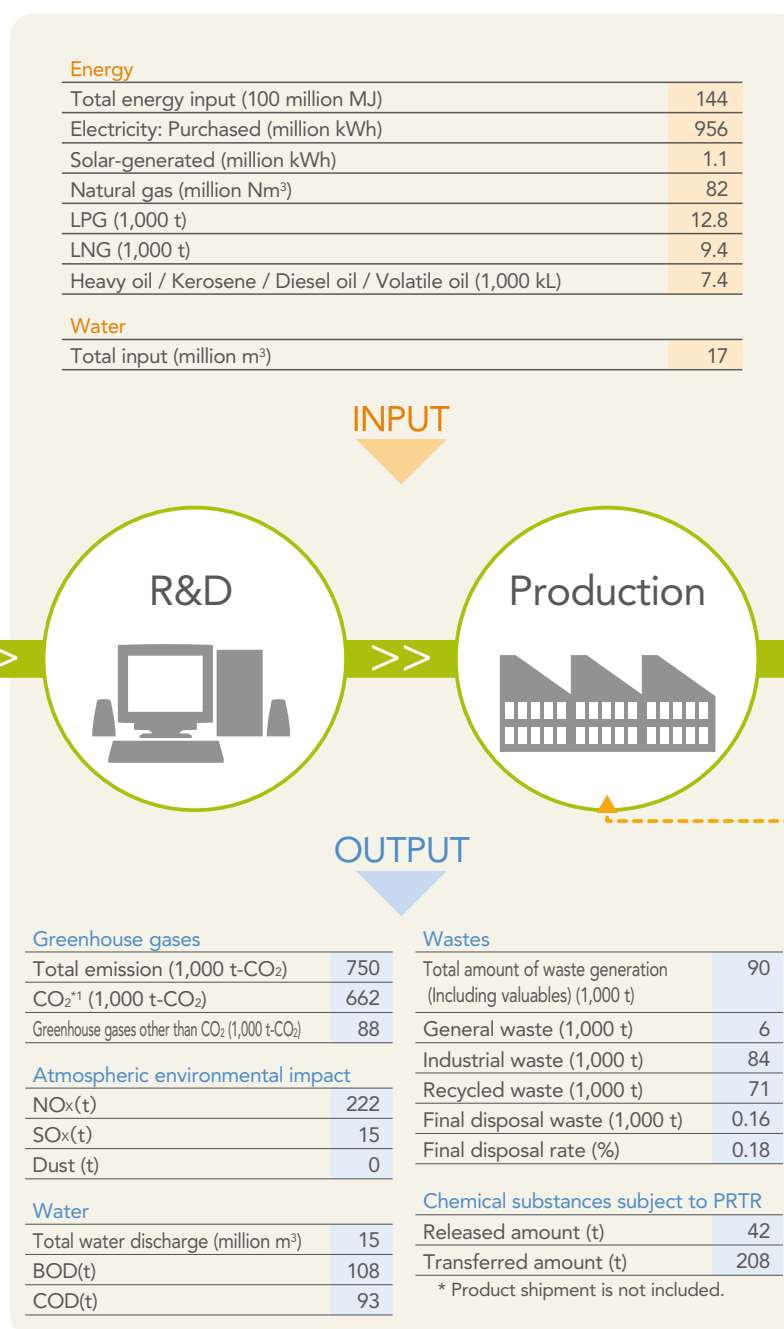
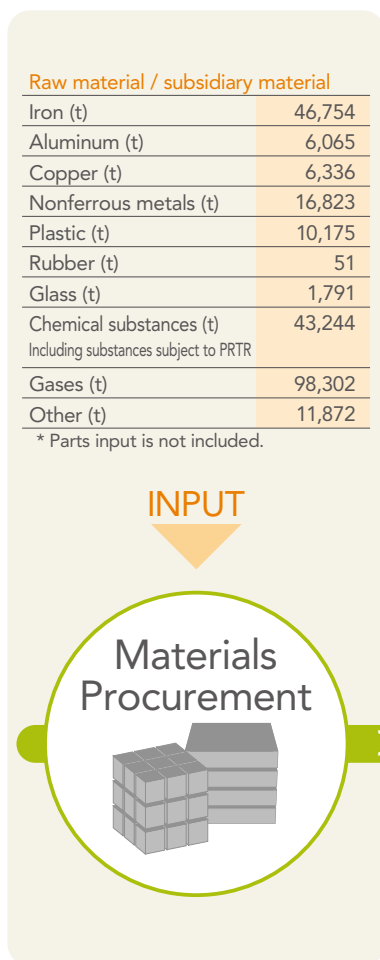
The activities mentioned above are to be systematically promoted at all product stages including R&D, design, materials procurement, manufacturing, distribution and sales, consumer use, disposal, and recycling. They apply to all business areas including the provision of products and services relating to AV and communication devices, electrical equipment, industrial equipment, electronic devices, and batteries.



Seiichiro Sano, President
SANYO Electric Co., Ltd.
April 2, 2007

Overview of the Environmental Impact of the Sanyo Group (In Japan)

The Sanyo Group is fully committed to collecting precise data about the impact its business activities have on the environment over the entire life cycles of its products and services, and reducing that impact.



Scope of Survey: SANYO Electric Co., Ltd., domestic manufacturing subsidiaries, and major non-manufacturing related companies

*1 The emission factor specified by the Federation of Electric Power Companies of Japan is used as the CO₂ emission factor for purchased electricity. However, since the figure for fiscal 2007 has not been announced yet, the emission factor for fiscal 2006, which was 0.410kg-CO₂/kWh, is used on a temporary basis.

*2 Solar cells are capable of continuously generating power for approximately 20 years after they are sold. For this reason, CO₂ emission reduction from solar power generation is indicated by the accumulated value since fiscal 2003 when sales expanded in full swing.

Energy

Fuel for transport on contract (1,000 kL)	15
Fuel for sales/service vehicles (1,000 kL)	3.0

* Estimated from the cost of transport undertaken by SANYO Electric Logistics Co., Ltd.

INPUT

Logistics and Sales



OUTPUT

Greenhouse gases

Fuel for transport on contract (1,000 t-CO ₂)	40
Fuel for sales/service vehicles (1,000 t-CO ₂)	6.9

Energy

Estimated annual power consumption of major items

GHP, PAC air-conditioner, refrigerator/freezer, air conditioner, air humidifier, washing machine, electric carpet, FAX

705 (million kWh/year)

INPUT

Use



OUTPUT

Greenhouse gases (by use of products)

CO ₂ *1 (1,000 t-CO ₂)	289
CO ₂ emission reduction*1,*2 (1,000 t-CO ₂)	112
(from solar power generation)	

Weight of units recycled or otherwise treated

Television (t)	9,001
Refrigerator/Freezer (t)	20,896
Washing machine (t)	12,224
Air conditioner (t)	7,278

INPUT

Recovery / Reuse



Reutilization

OUTPUT

Weight of units recycled

Television (t)	7,846
Refrigerator/Freezer (t)	15,685
Washing machine (t)	10,320
Air conditioner (t)	6,536

Recovered materials

Iron (t)	16,332
Copper (t)	1,259
Aluminum (t)	1,198
Mixture of nonferrous and ferrous metals (t)	7,553
CRT (cathode-ray tube) glass (t)	4,430
Other (t)	9,607



Global Environmental Performance Data
→ www.sanyo.com/environment/en/env/performance/

Environmental Action Plan

Sanyo Global Environmental Action Plan was launched in April 2008 and has been promoted Group-wide.

Sanyo Global Environmental Action Plan

I. Group-wide Major Objectives

Objectives	Indicators for assessing progress	Action
Realization of Carbon Neutral ¹	Carbon Neutral ¹ achievement level	Make efforts to realize a status in which CO ₂ reduction through use of products is equal to CO ₂ output from business activities
	Reduction rate of CO ₂ emissions per unit of production output in domestic manufacturing activities (as compared to the FY 2006 level)	In line with the target set by the electric/electronic industry (reduction of CO ₂ emissions per basic unit of production output by 35% from the FY 1990 level), improve manufacturing process efficiency and promote energy-creation and energy-saving.
	Reduction rate of CO ₂ emissions per unit of production output in global business activities (as compared to the FY 2006 level)	In all business activities in Japan and overseas, improve energy-use efficiency and promote energy-creation and energy-saving.
	Achievement level of internal company-based goals for reduction of environmental impact in products/parts	To reduce CO ₂ emissions attributable to products, develop and expand sales of energy-saving/energy-creation products.
Intensification of soil contamination control	Thoroughness of soil contamination control	To reduce risks associated with global-level soil contamination, collect land information, conduct on-site surveys, and examine the necessity of purification.
Intensification of management of chemical substances in products	Thoroughness of management of chemical substances in products	For each month's production, do management so that full (100%) assurance is implemented for specified chemical substances in products.
Construction of global environmental management system	Construction level of global environmental management system	To ensure compliance and intensify risk management, construct an environmental management system for all business facilities in Japan and overseas.

II GEMS Objectives

Objectives	Indicators for assessing progress	Target for FY 2007	FY 2007 achievement
Ensuring environmental quality of products	Percentage of products that have achieved the product assessment standard	100%	100%
Expansion of environmentally-conscious quality products	Percentage of advanced environmental products	60% or more	62.4%
	Percentage of top-level environmental products	8% or more	8.8%
Promotion of environmental technology development	No. of transferable environment-related technologies developed (cumulative total since FY 2000)	50 or more	53
Reduction of greenhouse gas emissions in business activities	Reduction rate of CO ₂ emissions per unit of sales (compared to FY 1999)	3% or more	13%
	Reduction rate of CO ₂ emissions per unit of production output (compared to FY 2006)	—	—
	Implementation of energy-saving measures	Energy-saving effect corresponding to 4.0% of energy consumption for FY 2004	4.7%
Promotion of reuse and recycling of used products and parts	Recycling of collected recyclable materials (plastic)	Up 17% (compared to FY 2006 in terms of number of parts)	Up 50% (compared to FY 2006 in terms of number of parts)
Reduction of waste in business activities	Final waste disposal rate (GEMS average)	0.45% or less ³	0.36%
	Percentage of business bases that achieved a final waste disposal rate of less than 0.5%	80% or more	95%
Reduction of chemical substance emissions in business activities	Reduction rate of emission of substances subject to PRTR (compared to FY 1999)	88% or more	92%
Promotion of management of chemical substances contained in products	Progress ratio of green procurement survey (with respect to new models released during the year concerned)	70% or more	77%
Reduction of specified chemical substances contained in products	Percentage of green components used (with respect to new models released during the year concerned)	60% or more	75.7%
Intensification of management of chemical substances in products	Management level of chemical substances in products	—	—

Scope:

I. Group-wide Major Objectives: All business facilities in Japan and overseas

II. GEMS Objectives: Integrated ISO14001-certified organizational body with SANYO Electric Co., Ltd. being the main entity.

	Target for FY 2008	Target for FY 2009	Target for FY 2010
	30%	65%	100%
	2% (29%: compared to FY 1990)	3% (32%: compared to FY 1990)	4% (35%: compared to FY 1990)
	3%	4%	5%
	100%	100%	100%
	Global land history survey completion rate: 100%	Scheduled soil contamination survey completion rate: 100%	Scheduled soil contamination survey completion rate: 100%
	100%	100%	100%
	50%	75%	100%

Self evaluation ²	FY 2008	FY 2009	FY 2010	Reference
○	—	—	—	P33
○	70% or more	80% or more	100%	P35
○	10% or more	15% or more	30% or more	P35
◎	56 or more	59 or more	62 or more	—
◎	Indicator changed to "Reduction rate of CO ₂ emissions per unit of production output(compared to FY 2006)"			P37
—	4% or more	6% or more	8% or more	P37
○	Energy-saving effect corresponding to 3.5% of CO ₂ emissions for FY 2006	Energy-saving effect corresponding to 4.5% of CO ₂ emissions for FY 2006	Energy-saving effect corresponding to 5.5% of CO ₂ emissions for FY 2006	P37
◎	300 tons (Amount recycled and used)	500 tons (Amount recycled and used)	1,000 tons (Amount recycled and used)	P34
○	0.3% or less	0.3% or less	0.3% or less	P39
○	Less than 0.5% for business locations other than those engaged in sales/services	Less than 0.5% for all business locations	Less than 0.5% for all business locations	P39
○	85% or more	87% or more	89% or more	P40
○	Indicator changed to "Management level of chemical substances in products" in "Intensification of management of chemical substances in products"			P32
◎				P31
—	100%	100%	100%	P31

*1 "Carbon neutral" is a term defined by Sanyo.

*2 ◎: Target achieved at least one year ahead of schedule. ○: Target achieved as scheduled. ×: Target not achieved as scheduled.

*3 Target was revised during the period due to a final disposal rate significantly over the envisioned scope resulting from temporary generation of waste not envisioned in the target setting (returned goods).

Reduction of Environmental Impact in Products

We strive to develop and disseminate "environmentally-conscious products" to reduce the environmental impact via reduction of energy consumption, reduction of usage of chemical substances with environmental impact, efficient usage of recycled materials, outstanding product durability, and constructing products in a way that facilitates recyclability.

Creation of Environmentally-conscious Products

■ Improving Energy Efficiency

The Sanyo Group considers the strengthening of its efforts to combat global warming to be the highest priority issue. In addressing the reduction of environmental impact in products, Sanyo focuses on development and dissemination of products and parts that can contribute to reduction of CO₂ emissions from product use. In this way, Sanyo will help realize a low-carbon society.

The Sanyo Group has proprietary high-energy efficiency technologies and solutions, which are utilized in various products, including HIT solar cell, "eneloop" – nickel-metal hydride battery, "Eco Cute" – heat pump water heater, "enegreen" – supermarket showcase refrigerating system, and HEV rechargeable battery.

HIT solar cell is capable of a high energy conversion efficiency of 22.3% (cell) thanks to its high-quality juncture of single-crystalline silicon substrate and amorphous silicon layer and improved solar cell surface shape.

"eneloop" has extremely low self-discharge characteristics, enabling minimum waste of charged energy.

"Eco Cute," using a natural refrigerant CO₂ compressor, contributes to energy efficiency improvement through high-efficiency heat pump technology and utilization of midnight power. The government is also promoting dissemination of heat pumps as part of its measures for CO₂ emissions reduction.

"enegreen" employs a W-Multi System that connects multiple showcases and multiple refrigerating machines. Refrigerating machines are equipped with a DC inverter compressor to eliminate wasteful operation caused by slipping peculiar to conventional AC motors, enabling higher energy efficiency. In addition, by interconnecting refrigerating machines an optimum store system can be provided. Further, even higher energy efficiency is possible if this system is combined with Sanyo's "Consolidated Energy Saving System for Stores" to unify management and control of store equipment such as air conditioners and lighting.

With the prospect of global warming and resource depletion HEV rechargeable batteries are expected to rapidly expand in the future. Sanyo will accelerate development and commercialization of increasingly high-performance HEV batteries, to evolve current nickel-metal hydride batteries to next-generation nickel-metal hydride batteries and next-generation Lithium-ion batteries.

■ Managing Chemical Substances in Products

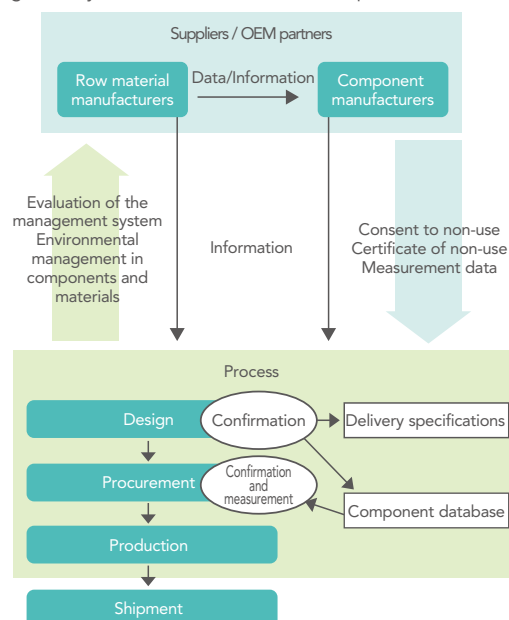
Amid mounting concern over specified chemical substances in products, the Sanyo Group made it a priority to conduct a survey on chemical substances with a high environmental impact, including the six substances specified by EU RoHS Directive^{*1} and has been replacing these with safer substances. Consequently, Sanyo completed the removal of all six specified chemical substances from products produced in Japan and those for the EU market at the manufacturing stage by the end of December 2005. In addition, Sanyo has also responded to China RoHS (implemented March 1, 2007) and chemical regulations in the State of California, USA; Korea and other regions.

To ensure that these chemical substances will never be used in its products, Sanyo has constructed a system for managing chemical substances contained in products and set internal rules applicable to the entire Sanyo Group to control the chemical substance data of each procured material and product.

To be successful in efforts to eliminate chemical substances in products, it is vital to have the cooperation of suppliers. In line with this, in fiscal 2006 Sanyo started evaluation of the chemical substance management system of suppliers and offering instructions, as well as management based on "Consent to non-use" and "Certificate of non-use" for procured materials in accordance with the "Sanyo Group Management Standards for Environmentally Hazardous Substances" Thus, Sanyo is working to ensure data reliability.

^{*1} Six chemical substances which may be contained in electric and electronic equipment: cadmium, lead, mercury, hexavalent chromium, PBB, and PBDE

[Management system for chemical substances in products]



Green Procurement Promotion

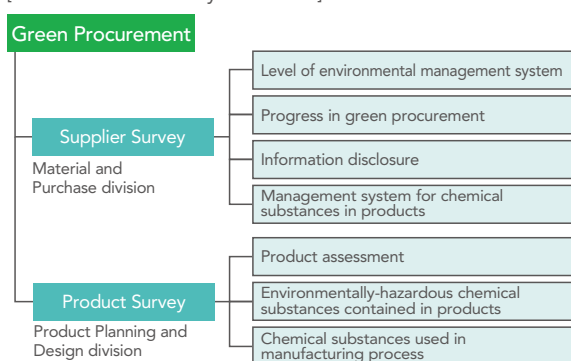
The Sanyo Group has been striving to reduce use of environmentally-hazardous chemical substances through expanding green procurement both in Japan and overseas by purchasing articles that meet Sanyo's own environmental standards from suppliers that actively practice environmental protection.

The building of partnerships with suppliers is essential for the promotion of green procurement. Every year from October to December, Sanyo investigates the situation at suppliers including the building of environmental management systems and requests improvement as necessary. In addition, in 2006 Sanyo started management system evaluations according to the Guidelines for the Management of Chemical Substances in Products newly established by the Japan Green Procurement Survey Standardization Initiative (JGPSSI). To facilitate management, Sanyo held briefings for suppliers on the purpose of investigation, evaluation methods, and online questionnaire system.

Today, cooperation with suppliers regarding chemical substances in products, in terms of data sharing and management system operation, is increasingly important due to the necessity of observing REACH*2 in Europe etc. To this end, Sanyo is working to strengthen its management system throughout its supply chains.

*2 REACH: Registration, Evaluation, Authorisation and restriction of CHemicals
European regulations pertaining to registration, evaluation, authorization, and restriction of chemical substances

[Green Procurement System Chart]



Reducing Material Weight and Volume

In environmentally-conscious design creation, one of the important themes is reduction of materials used, product/package volume, and product weight. Sanyo addresses this as one of its product assessment evaluation items (P33).

For example, Sanyo developed a gas heat pump air condi-

tioner model (SGP-H560M1G etc.) weighing 800 kg, which is 110 kg (12%) lighter compared to the same-type already-available 910 kg model and is the lightest among all the models of the same class in the industry*3. This was made possible through utilization of aluminum materials and a thorough-going structure/material review.

Further, Sanyo realized the industry's smallest in size and lightest in weight for its rotary 2-stage compressor model using natural refrigerant CO₂ (C-CV153HOU etc.) *4.

*3 As of August 2007 (Source: Sanyo's internal data)

*4 As of January 2008 (Source: Sanyo's internal data)

Designing Products that can be Easily Recycled

To facilitate proper treatment of used equipment, the Sanyo Group strives to design products that can be easily recycled. In addition to holding "Recycling School" on a regular basis to provide engineers with on-site study experience at a recycling plant, in April 2007 the "Guidelines for Designing Easily-Recyclable Products" was issued, in which important points in designing products are organized by following the equipment disassembly process. Practically, for drum-type washing/drying machines, which tend to be more difficult to recycle compared to standard automatic washing machines due to their complicated structure with many parts, structural review was conducted to increase ease of disassembly.

TOPICS | Drum-type Washer/Dryer Improved

To facilitate product disassembly, all the screws, which had been used on the four corners of the top panel, are now on the top surface. Also, to facilitate door dismounting, a hook has been included in the door mounting hardware.

Through efforts to reduce weight and volume, thermoplastic resin usage was reduced by approximately 4kg compared to conventional models. For packaging materials, styrofoam usage was reduced by 118g to 582g.



New drum-type washer/dryer AWD-AQ3000

Reduction of Environmental Impact in Products

■ Reduction of Containers and Packages

To comply with the Containers and Packaging Recycling Law*¹ every year the Sanyo Group calculates the annual consumption of containers and packaging materials and reports the result to the Japan Containers and Packaging Recycling Association. In addition, Sanyo is fulfilling its duty to recycle containers and packaging materials based on the recycling consign-ment contract concluded with said association.

Further, in response to a proposal of the Japan Business Federation in 2005 regarding formulation of "Voluntary Action Plan" to promote the 3Rs*² for containers and packages, as a member of the consumer-electronics industry the Sanyo Group is doing the following.

*1 Law for promotion of sorted collection and recycling of containers and packaging

*2 Reduce, Reuse, and Recycle



Example of packaging materials reduction (Eco Cute)

Voluntary Action Plan for Promoting 3Rs of Containers and Packaging

- Developing packaging technologies to minimize environmental impact in cooperation with various businesses in all packaging-related fields
- Avoiding excess packaging and optimizing product strength to enable maximum protection with minimum packaging
- Realizing improved environmentally-conscious logistics process to reduce the use of containers and packages
- Offering consumer education to facilitate easy separate collection of waste materials

■ Promotion of Product Assessment

In order to reduce environmental impact, the Sanyo Group conducts product assessment (preliminary environmental assessment of products) at the design and prototyping stages for all products of Sanyo, including household products, industrial products, and components.

To enable more detailed analysis and accordingly more accurate product assessment, Sanyo uses quantitative analysis, instead of conventionally-used qualitative analysis, as much as possible to indicate the results for each item in numeric terms. For each year, targets are set for the respective product groups and achievement of these targets is specified as a requirement for environmentally-conscious designing.

Up until fiscal 2006, as a rule, products subject to assessment

were limited to products manufactured in Japan and those sold in Japan. As of fiscal 2007, this scope was expanded to all products manufactured and sold worldwide. In addition, during fiscal 2007, Sanyo held in-house seminars regarding product assessment and easy-to-recycle designing, primarily for product designers at major manufacturing facilities.

Further, in response to the standards for recycling of electronic products established in fiscal 2007: JIS C 9911 "Calculation and display methods of recycled and reuse indicator of electric or electronic equipment" and JIS C 9912 "The marking for identification of plastic parts for electrical and electronic equipment," Sanyo promotes product assessment based thereon.

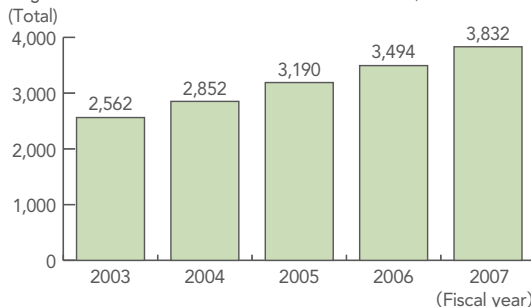
Product Assessment Evaluation Items

1. Reduction of weight/volume
2. Use of recycled materials and parts
3. Improvement on possibility of recycled materials, etc.
4. Promotion on long term use
5. Ease of collection/transportation
6. Ease of manual disassembling/separating process
7. Ease of shredding/separation process
8. Packaging
9. Safety
10. Environmental protection
11. Conservation of energy and resources at use phase
12. Distribution of Information
13. Reduction of environmental impacts in production phase

The following items apply to appropriate products:

14. Standby power consumption
15. Recycling of portable rechargeable batteries

【Changes in Number of Product Assessments Conducted (Cumulative Total)】



Promotion of Product Recycling

■ Recycling Used Home Appliances

Based on the Law for the Recycling of Specified Kinds of Home Appliances, known as the Home Appliance Recycling Law, the Sanyo Group, as a manufacturer of home appliances, collects and recycles used product units of the four specified items (air conditioner, television, refrigerator/freezer, and washing machine).

For fiscal 2007, a total of approx. 1,230 thousand used units of the four specified items were processed for recycling. The recycling rates achieved were: 89% for air conditioners, 87% for televisions, 75% for refrigerator/freezers, and 84% for washing machines.

[Recycling performance of specified kinds of discarded home appliances]

Category	Air conditioner	Television	Refrigerator/Freezer	Washing machine
Units recovered at designated sites (units)	177,592	319,030	364,277	381,938
Units processed for recycling (units)	176,043	311,810	364,247	381,585
Weight of the units recycled or otherwise processed (t)	7,278	9,001	20,896	12,224
Weight of the units recycled (t)	6,536	7,846	15,685	10,320
Recycling rate (%)	89	87	75	84

* "Units processed for recycling" and "Weight of the units recycled or otherwise processed" refer to the number and weight of the specified discarded home appliances that underwent processing necessary for recycling during fiscal 2007.

* Values are rounded down to the nearest integer.

[Valuable resources recovered from specified kinds of discarded home appliances]

Item	Air conditioner	Television	Refrigerator/Freezer	Washing machine
Iron (t)	1,726	1,058	8,504	5,044
Copper (t)	439	362	259	199
Aluminum (t)	1,074	4	60	60
Mixture of nonferrous and ferrous metals (t)	2,505	23	3,088	1,937
CRT glass (t)	—	4,430	—	—
Other valuable resources (t)	790	1,967	3,772	3,078
Total weight (t)	6,536	7,846	15,685	10,320

* Values are rounded down to the nearest integer.

* "Other valuable resources" include plastics and other.

■ Recycling Secondary Batteries

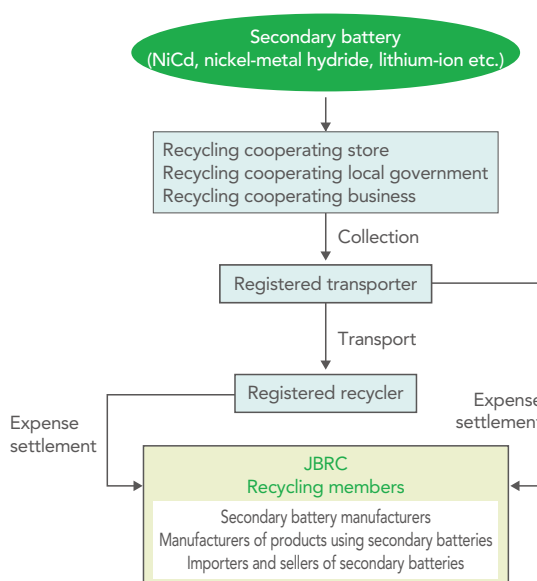
In Japan, the Law for the Promotion of Effective Utilization of Resources requires manufacturers of portable rechargeable batteries (secondary batteries) and manufacturers and importers of products using secondary batteries to collect and recycle used secondary batteries.

Voluntary collection and recycling of secondary batteries are being done through the collection system established and operated by the "Japan Portable Rechargeable Battery Recycling Center (JBRC)" with applicable enterprises being the operating members. Sanyo, as one of the founding parties of JBRC, plays a central role in the construction of collection routes, thus proactively addressing collection and recycling of secondary batteries.

The amount of used secondary batteries collected by JBRC is over 1,000 tons a year and it is increasing yearly. Regarding the recycling rate: Rate of Amount Reconverted into Resources (= Substance Quantity Reconverted into Resources x Metallic Element Content Percentage) to Collected Amount, over 70% has been achieved for NiCd and nickel-metal hydride batteries and approximately 60% for lithium-ion batteries.

In the future, Sanyo will proactively provide continued cooperation to JBRC and strive to increase the amount of used secondary batteries collected and recycled.

[Portable Secondary Battery Collection System]



Reduction of Environmental Impact in Products

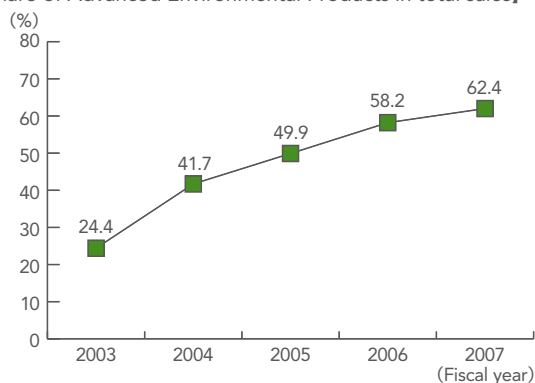
Making All Products Environmentally Conscious

When developing a new product, special attention should be paid to the various impacts that the product can have on the environment. The Sanyo Group makes it obligatory that all new products be compliant with the "Group Product Assessment Regulations," "Group Green Procurement Regulations," and "Group Management Regulations for Environmentally Hazardous Substances in Products," so that all Sanyo products, including general home appliances, industrial equipment, and components, with the aim that all products be environmentally-conscious.

Among these environmentally-conscious products, those having cleared the internal standards set by the Sanyo Group are called "Advanced Environmental Products." Sanyo has also selected products with the highest-level of environmental consideration in the industry from among the Advanced Environmental Products and calls them "Top-level Environmental Products."

For fiscal 2007, in the total sales, the share of "Top-level Environmental Products" was 8.8% with the initial target being 8%, and that of "Advanced Environmental Products" was 62.4% with the initial target being 60%, thus both exceeded their initial targets.

[Share of Advanced Environmental Products in total sales]



Top-level Environmental Products, Advanced Environmental Products
→ www.sanyo.com/environment/en/env/

Examples of Top-level/Advanced Environmental Products

Resource Saving

Gas Heat Pump Air Conditioner SGP-H560M1G and other



M1 Series (Total 35 models)

Product weight was reduced by 110 kg to 800 kg through use of aluminum materials and structure/material review, achieving the lightest weight among all the models of the same class in the industry.
As of August 2007 (Source: Sanyo's internal data)
In the case of SGP-H560M1G

Resource Saving

Image Stabilization Multichip LSI LC8981 Series

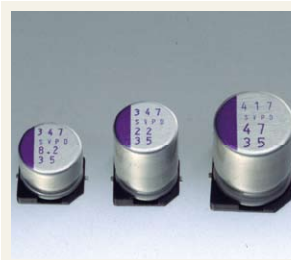


Using Sanyo's original ISB[®]*1 technology to enable the industry's highest density and lowest profile, an industry's smallest/lightest-level multichip system was realized, which includes four or more chips in a package.
As of March 2008 (Source: Sanyo's internal data)

*1 Integrated System in Board

Resource Saving

OS-CON (Aluminum Solid Capacitors with Conductive Polymer) SVPD Series



Recognized in the industry as having top-level reliability (high durability / high-temperature / humidity tolerance) and an ultralong operating life (2,000 hours) guaranteed at an extreme high temperature of 125°C.

Resource Saving

Vacuum Cleaner SC-XD1, XD21



Compared to paper bag vacuum cleaners, paper usage can be reduced by 65% (686 g) over 7 years and no filter washing is necessary for an extended time of 10 years, enabling water saving by approximately 600 liters over 10 years.

High Efficiency / Energy Saving

HIT Solar Cell Module HIP-210BHI



Each module can help reduce CO₂ emission by 77 kg-CO₂*² every year.

*² In the case of a module installed in Osaka, Japan directly pointing south at an angle of 30 degrees.

Resource Saving

POSCAP (Tantalum Solid Capacitors with Conductive Polymer) TPLF Series



Its unique structure developed by Sanyo is capable of an industry's lowest-level ESL and ESR*³ enabling reduction of the number of units used in equipment and resource saving.

*³ ESL: equivalent series inductance, ESR: equivalent series resistance

Resource Saving

Electric Shaver SV-AS7, AT7, AM7



Sanyo's electric shavers are the smallest and lightest among all the reciprocating-type shavers (standard diffusion models) of equivalent performance in the industry. (SV-AS7: 122g) As of March 2008 (Source: Sanyo's internal data)

High Efficiency / Energy Saving

Vaporizing Humidifier CFK-VW300A, VW500A, VW700A



Compared to FY 2002 models, reduction of energy consumption by over 30% is possible.

High Efficiency / Energy Saving

Digital Sound Recorder ICR-PS1000M (K)



Approximately 50 hours of continuous use is possible with just one size AA battery. The world's longest run time. As of April 2008 with linear PCM recorder (Source: Sanyo's internal data)

Resource Saving | High Efficiency / Energy Saving

Digital Movie Camera DMX-HD1010



This small lightweight high-definition digital movie camera with a main body weight of approximately 268 g (not including battery and media) and volume of approximately 272 cc is designed to save energy by consolidating the image compression IC and signal processing IC into one.

[Standards for Environmentally-Conscious Quality Products]

Level 3 (Environmentally-Conscious Quality Products)	
Top-level Environmental Products	<ul style="list-style-type: none"> (1) Small size and lightweight (2) Higher utilization of recycled components (3) Higher utilization of recyclable components (4) Longer life (5) Lower power and water consumption (6) Greater ease of disassembly (7) Reduced use of buffering agent (8) Other environmental measures incorporated (9) Environmental consciousness through an innovative concept
↑	
Level 2 (Environmentally-Conscious Quality Products)	
Advanced Environmental Products	<ul style="list-style-type: none"> (1) Resource conservation (higher utilization of recyclable components, reduced weight, longer life) (2) More effective energy conservation (3) Greater ease of recycling (indication of materials used, ease of disassembly) (4) Reduced use of chemical substances (5) Less packaging materials (6) Awarded an external prize
↑	
Level 1	
Products with environmental quality above certain levels Products that meet requirements under applicable laws and regulations and Sanyo's internal rules	<ul style="list-style-type: none"> (1) Group Product Assessment Regulations (2) Group Green Procurement Regulations (3) Group Management Regulations for Environmentally Hazardous Substances In Products

Reduction of Environmental Impact in Business Activities

The Sanyo Group continues its efforts to reduce environmental impact in business activities with prevention of global warming, waste reduction, recycling of resources, and chemical substance control measures as top priority issues.

Prevention of Global Warming

■ Prevention of Global Warming in Production Process Reducing CO₂ Emissions

With the aim of achieving "Carbon Neutral" status (P25), the Sanyo Group strives to reduce CO₂ emissions from all of its business activities, including manufacturing, development, and sales.

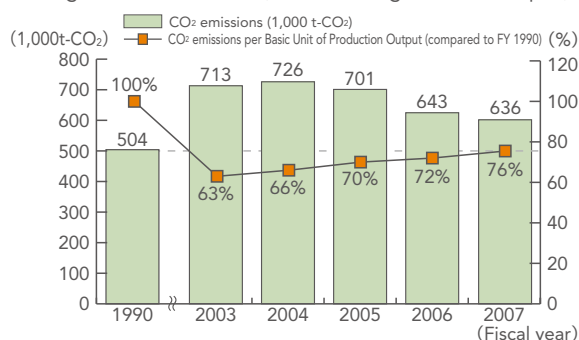
For fiscal 2007, gross CO₂ emissions were 636,000 tons which is approximately 1% lower compared to the previous fiscal year. However, primarily due to a lower domestic production rate of electronic information equipment, the total CO₂ emissions per basic unit of production output for all domestic manufacturing facilities*¹ was approximately 4% higher than the previous fiscal year.

Through intensively promoting reduction of energy consumption of manufacturing equipment and air conditioners and efficiency enhancement/streamlining of the production process, Sanyo's manufacturing facilities work to minimize electricity/fuel consumption and maximize reduction of CO₂ emissions in the production process. Further, Sanyo is expediting introduction of fuels causing relatively low CO₂ emissions, such as natural gas and LNG (liquid natural gas), and new energy sources, including solar cells, cogeneration (natural gas), and waste heat utilization.

In the future, to address global warming, Sanyo will work to control CO₂ emissions by improving energy efficiency in the production process as well as expanding the use of rechargeable batteries and solar cells.

*1 CO₂ emissions per Basic Unit of Production Output = CO₂ emissions ÷ [gross production output ÷ corporate goods price index published by the Bank of Japan]

[Changes in CO₂ emissions (Manufacturing facilities in Japan)]



* For the CO₂ emission factor for electricity purchased each fiscal year, the factor for all power source average (generating end) announced each fiscal year by the Federation of Electric Power Companies of Japan is used. However, since the CO₂ emission factor for fiscal 2007 has not been announced yet, the emission factor for fiscal 2006 was temporarily used, which is 0.410 kg-CO₂/kWh.

* Data in this table is calculated based on the GHG protocol. It should be noted that the data for each fiscal year is not absolute, because the number of facilities covered varies from year to year due to M&A.

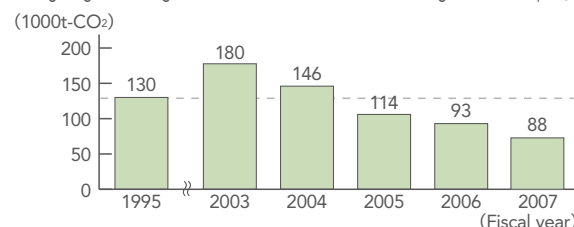
Curtailing the Emission of Greenhouse Gases Other than CO₂

In the manufacturing process of semiconductors and related products, the Sanyo Group uses greenhouse gases other than CO₂, such as perfluorocarbon (PFC), sulfur hexafluoride (SF₆), and hydrofluorocarbon (HFC). These gases account for approx. 12% of the total greenhouse gas emissions. Sanyo works to reduce consumption and emission of these gases and is expediting their replacement with other substances.

Specifically, regarding PFCs, in the semiconductor cleaning process Sanyo has implemented gas conversion from hexafluoroethane (C₂F₆) to perfluoropropane (C₃F₈) which has relatively small Global Warming Potential*². In addition, Sanyo is proactively considering shifting to carbonyl fluoride (COF₂) which causes very little greenhouse gas after reaction. As a result, for fiscal 2007 the emission of greenhouse gases other than CO₂ was 5% lower than the previous year (32% lower than in fiscal 1995).

*2 Global Warming Potential: An indicator representing the degree of effect on global warming. The degree is calculated based on CO₂ as "1."

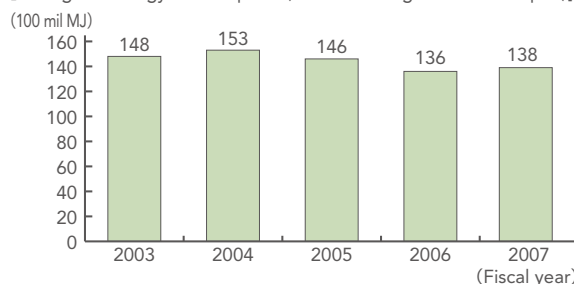
[Change in greenhouse gas emissions other than CO₂ (Manufacturing Facilities in Japan)]



■ Promoting Energy Conservation

By introducing cogeneration systems, Sanyo's factories and large-scale buildings utilize the exhaust heat generated through independent power generation to produce steam and hot water, which is then used for cooling and warming of production processes and facilities. The usage of the exhaust heat improves energy-use efficiency in production processes and thus contributes to energy conservation.

[Change in energy consumption (Manufacturing facilities in Japan)]



Prevention of Global Warming in Logistics

SANYO Electric Logistics Co., Ltd. offers logistics solution services for storage, loading, shipping, and delivery using the 3PL system^{*3}. To reduce greenhouse gas emission, the company aims to realize comprehensive and consolidated distribution, and to do so utilizes the network that connects its bases and relevant companies to practice shared delivery and round-trip transportation which transports goods both outbound and inbound.

In addition, the Tottori branch of SANYO Electric Logistics Co., Ltd. is promoting a modal shift, which utilizes rail and marine transport instead of trucking. As a result of promoting the utilization of JR transport (5-ton containers) and ship transport (15-ton containers), for fiscal 2007 its rail/ship transports made up approximately 7% of total shipments.

At the same time, the Sanyo Group reduced domestic truck transport by landing imported goods transported by ship at a port closer to the final destination, resulting in reduction of estimated annual CO₂ emissions by approximately 500 tons for fiscal 2007.

^{*3} 3PL: 3rd Party Logistics. Practice of outsourcing services in which all corporate logistics functions are commissioned to one logistics agent.



Modal shift

Pro-environmental Activities in Offices

The Sanyo Group intensively promotes energy-saving activities at the headquarters buildings, Sanyo office buildings, and leased buildings, such as setting air-conditioner thermostats at the specified temperature (28°C or higher for summer and 20°C or lower for winter), practicing "Cool Biz" and "Warm Biz," and turning off air conditioners, lighting, and monitors when not in use. Through air-conditioning control during summer (June – September) and winter (December – March), estimated CO₂ reduction of approximately 1,700 tons is expected. Further, in fiscal 2007 Sanyo again responded to the "CO₂ Reduction/Light Down Campaign" and turned off its 44 neon signs in major cities in Japan, including those on office buildings of the Sanyo Group.

TOPICS | Fuel switching from Heavy Oil to LNG

The Sumoto Plant and Tokushima Plant switched fuel for the production process and air conditioner from conventionally-used heavy oil to LNG (liquid natural gas) which causes low SO_x (sulfur oxide) emission and enables generation of the same calorific power with less CO₂ emissions compared to coal and oil. Switching to LNG resulted in significant reduction of CO₂ emissions per unit of production output^{*4} as well as lowering environmental impact on the air.

^{*4} CO₂ emissions per unit of production output = CO₂ emissions ÷ gross production output

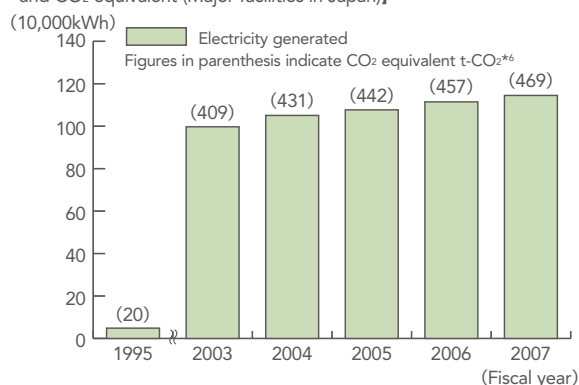
Introducing Renewable Energy

The Sanyo Group is striving to develop and disseminate clean energy technology using solar power and has introduced solar power generation systems at 10 major facilities in Japan to play a role in reducing CO₂ emissions. Solar Ark, Sanyo's large-scale photovoltaic power generation facility in Gifu Plant, which started operation in December 2001, has 5,046 solar panels covering the exterior surface. Its 630kw generating capacity is one of the largest generation capacities in the world, and approximately 620,000kWh was generated in fiscal 2007. The generated power is supplied to the plant via a substation located on the premises.



Solar Ark (Gifu Plant)

[Changes in electricity generated by solar power generation systems^{*5} and CO₂ equivalent (Major facilities in Japan)]



^{*5} Estimate values are included.

^{*6} CO₂ emission factor is calculated based on 0.410kg-CO₂/kWh.

Reduction of Environmental Impact in Business Activities

Controlling Waste Generation and Recycling Resources

■ Controlling Waste Generation

The Japanese electric/electronic industry group reached its waste-related target initially set for fiscal 2010 (maximum final disposal amount of 169,000 tons) in fiscal 2000 (final disposal amount of 139,500 tons). Since the amount of final disposal has continued to decrease thereafter, in fiscal 2006 its target setting was reviewed and the target amount of final disposal was revised and a final disposal rate was established as a new target indicator. Thus, vigorous efforts are being made to control waste generation.

Since fiscal 2006 the amount of final disposal by the Sanyo Group's domestic manufacturing facilities has been less than 300 tons out of the total waste generation of approximately 100,000 tons, which means that the industry's target for final disposal rate has already been reached. Currently, Sanyo is aiming to control its final disposal rate at the respective facilities to be under 0.5% while continuing to keep down the overall final disposal rate of domestic manufacturing facilities.

Overall results for the domestic manufacturing sector in fiscal 2007 were a total waste generation of approximately 90,000 tons and final disposal amount of 160 tons, resulting in a final disposal rate of 0.18%. At the same time, as for the non-manufacturing sector where reduction of final disposal rate is rather difficult due to the high general waste rate, research laboratories and the logistic division achieved a final disposal rate of under 0.5%.

【Targets for Waste Generation by Electric/Electronic Industry】

Indicator	FY 2006 Results	FY 2010 Target (Before review)	FY 2010 Target (After review)
Amount of final disposal	34,000 tons	Not more than 169,000 tons	Not more than 46,000 tons (89% less than FY 1990)
Final disposal rate	1.6%	—	Not more than 2%

【Amount of waste discharged and final disposal rate (Domestic facilities of the Sanyo Group)】



■ Recycling of Water

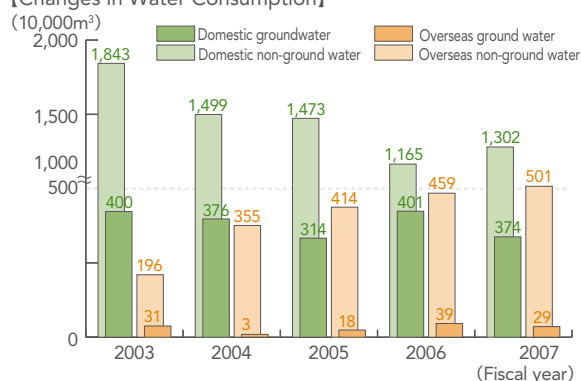
Of the total water consumption by the Sanyo Group, approximately 60% is the pure water used by the semiconductor division for mainly silicon wafer cutting/grinding. Water discharged from this process is separated into silicon sludge and water, and the separated water is purified for reuse as ultrapure water and also reused as low-grade washing water and cooling water. Thus, the entire Sanyo Group implements measures to promote factory-wide comprehensive utilization of water. However, water consumption in fiscal 2007 totaled approximately 22.06 million m³, which is unfortunately 1.42 million m³ more compared to the previous year. Expansion of production has led to an overall increase in water consumption and in particular the component business area including the semiconductor business showed a high increase.

Silicon recovered from silicon sludge is reutilized as a deoxidizer instead of being disposed of in a landfill.



Pure silicon paste to be used as a deoxidizer (PSiP)

【Changes in Water Consumption】



* Non-groundwater is mainly industrial water and tap water, including water drawn from rivers and lakes.

* Groundwater is mainly well water, which is used in areas with abundant groundwater, such as at the foot of a mountain.

* The survey scope covers ISO14001-certified bases among all manufacturing bases worldwide. (A certain grace period is granted for some bases, such as new companies which have recently been ISO14001 certified.)

Proper Management of Chemical Substances and Emission Reduction

■ Proper Management of Chemical Substances

The Sanyo Group conducted a survey based on its original chemical substance management system to find out how environment-polluting chemical substances are being released into the environment from its domestic manufacturing facilities including subsidiaries. Based on the findings of the survey, Sanyo is shifting to alternative substances and planning and implementing improvement of manufacturing processes and strengthening of management to control the release of such substances and reduce their environmental impact.

As for the items containing polychlorinated biphenyl (PCB) possessed by the Sanyo Group, such as power capacitors/transformers and capacitors recovered from some waste home appliances and old light fittings, control managers are installed at the facilities to maintain strict control of them. At the same time, a group-wide effort is being made to complete their disposal by 2016 as required by the law.

■ Reduction of Chemical Substance Emission

In fiscal 2007, the emission of substances subject to PRTR*¹ Law into the environment by Sanyo's domestic manufacturing facilities was 42 tons, achieving a reduction of over 90% compared to fiscal 1999. The major emission control measures taken include: (1) improving the processes (reduction of consumption of fluid chemicals etc.); (2) Substituting the applicable chemical substances (switching from oil-based coating materials to water-based/powder coating materials); (3) recovering emissions to the maximum extent possible; and (4) installing harm removal devices.

Further, in accordance with the Air Pollution Control Law of Japan, Sanyo surveys its domestic manufacturing facilities on emissions of VOC*² into the atmosphere on an ongoing basis and takes necessary measures accordingly.

*1 PRTR (Pollutant Release and Transfer Register) is a system to collect data, make reports, and disclose information on sources and quantities of harmful chemical substances released to the environment or transferred off-site in the form of waste.

*2 VOC (Volatile Organic Compounds): Organic compounds that easily evaporate at room temperature, including ethanol, acetone, isopropyl alcohol, toluene, and xylene.

【PRTR survey results (Manufacturing facilities in Japan)】 (Unit:t)

	FY 2006	FY 2007
Amount of PRTR substances used	14,952	14,774
Amount released into environment	44	42
Amount transferred	246	208
Amount consumed as product	14,057	13,829
Amount removed	58	85
Amount recycled	547	611

■ Pollution Risk Survey and Information Disclosure

From the late 1990s, the Sanyo Group has systematically conducted a survey on contamination of the premises of company facilities by organochlorine solvents and heavy metals and for the premises of manufacturing facilities at which contamination levels higher than the environmental standard level were found; reported these contamination levels to the relevant administrative authorities; and taken measures to decontaminate the corresponding sites and excavate/remove the contaminated soil.

In fiscal 2007, decontamination of company facilities' soil was continuously done. In the future, appropriate information will be disclosed on a timely basis.

Preserving Bio-diversity

To prevent its business activities from having serious impact on regional bio-diversity, the Sanyo Group addresses management of chemical substances and protection of water resources, and at the same time, makes constant efforts to protect bio-diversity through preservation of forested areas, protection of rare creatures etc.

At the Hanyu Plant of Kanto Sanyo Semiconductors Co., Ltd., a "Zero Water Discharge System" has been established to recycle water used in the production process for effective use in the plant. In addition, the plant has created a biotope space on the premises which is used to protect and cultivate a protected species "*Aldrovanda vesiculosa*," known as the waterwheel plant, by utilizing recycled water. Cultivated plants are divided and given to neighboring elementary schools etc. for use as supplementary study material.



Blossoming waterwheel plants (*Aldrovanda vesiculosa*)



CFC Control Measures
PRTR Survey Reports, Countermeasures to
Soil/Groundwater Problems
→ www.sanyo.com/environment/en/env/

Environmental Management

In transforming into a "leading provider of Environment- and Energy-related products," the Sanyo Group is promoting group-wide environmental management to ensure a sound global environment while realizing a prosperous and secure society.

Environmental Management System

With a view to promoting environmental management on a Group-wide basis, the Sanyo Group established the Group Environmental Management System (GEMS) to be the core of its environmental management in which major sites and sales bases as part of the domestic business divisions (internal companies, subsidiaries etc.) are integrated into one body to obtain ISO14001 certification. Under this system, each division in the integrated body is called a sub-site. Through this system, Sanyo ensures that the Sanyo Electric Group Environmental Policies will be fully observed, while expediting the decision-making process and promoting the Environmental Action Plan.

■ Status of ISO14001 Certification

As of the end of March 2008, the number of ISO14001 certifications obtained group-wide is 68*1 and a total of 103 companies, 51 in Japan and 52 overseas, have been registered within the Sanyo Group.

*1 In terms of the number of companies, SANYO Electric Co., Ltd. and its 102 subsidiaries have been certified. Some sites consist of two or more associated companies, and some facilities of a company are registered as one site on its own. Therefore, the number of registrations and the number of certified companies are not the same. In the case of GEMS, the major facilities of SANYO Electric Co., Ltd. (internal companies) and 42 domestic associated companies together comprise one integrated body, which is registered as one ISO14001-certified site.

■ Continual Improvement through External and Reciprocal In-house Checks

The ISO14001-certified facilities undergo assessment by an external body every year and each sub-site conducts internal environmental audits on a regular basis.

For GEMS overall, a "Group Environmental Audit" is conducted every year, where the group environmental auditors selected from each sub-site audit the activities of other sub-sites to verify the conformity with the requirements and the effectiveness of the internal environmental audit. The Group Environmental Audit enables sub-sites to share their cases of successful activities and achievements within the Group and thus contributes to the improvement of the operation of GEMS.

Through the Group Environmental Audit for fiscal 2007, 43 findings were identified (11 minor nonconformities and 32 cases requiring observation), which are more than the 34 cases last fiscal year. The reason for the increase in the number of identified nonconformities is that from the aspect of compliance emphasis, new nonconformity items were added in "Legal and other requirements" and "Evaluation of compliance" and evaluation was made in a stricter manner. Through making steady improvement in the areas where nonconformity has been identified, environmental management has been further intensified. As a result of efforts made, all sub-sites received an "Improved" evaluation in the audit by external body.

■ Environmental Education/Training for All Employees

Sanyo provides various educational opportunities on a regular basis to increase awareness of the need for environmental conservation and provide relevant knowledge for all employees within the scope of GEMS (approximately 29,000, including subcontractors working within the premises of the Sanyo Group).

In particular, employees who are involved in operations which may have significant impact on the environment, such as handling of boilers, incineration systems and chemicals, and those in charge of environmental laws and regulations are subject to specialized education and training and if necessary external training courses to prevent emergency situations and accidents from occurring.

For the associated companies that are independently ISO-certified, environmental education is provided based on the requirements by the corresponding standards. Further, for the purpose of training internal auditors crucial to the operation of the environmental management system, internal auditor training is conducted in-house on a regular basis.



Environmental education/training

■ Compliance with Environmental Laws and Regulations

Each sub-site ensures that information on all new environmental laws and regulations, as well as amendments to existing ones is obtained and communicated within the organization without fail, and does thorough and regular monitoring and checking. Sanyo Group also endeavors to observe other requirements to which the Group has subscribed, such as an agreement amongst industry groups. In addition, the Sanyo Group not only observes regional environmental ordinances of prefectural and municipal governments, but also sets voluntary standards higher than those of the ordinances to prevent any deviation from regulation values.

For fiscal 2007, though there was no negative impact on the environment, one case of failing to comply related to legal formalities occurred, for which instructions and cautions were received from administrative authorities. Following this case, the importance of compliance was thoroughly communicated and reconfirmed throughout the Group.

In addition, several cases of temporary deviation from air/water quality-related standards occurred. For these cases, cause investigations were conducted promptly and corrective measures were implemented accordingly.

Environmental Accounting

To promote environmental conservation activities efficiently and effectively, the Sanyo Group introduced environmental accounting in fiscal 1998 as part of its environmental manage-

ment. Through practicing it, Sanyo uniformly manages its environmental conservation activity performance to help improve activity contents and efficiency.

■ Environmental Conservation Cost

The environmental conservation cost for fiscal 2007 was comprised of 24,889 million yen in expenses and 4,560 million yen in investment. Compared with fiscal 2006, the expense amount was increased by 13% while the investment amount was reduced by 16%.

The increase in expenses is mainly attributable to an increase in R&D cost resulting from expansion of the solar division and environmentally-conscious product development. In addition,

due to an increase in the number of business locations included in the calculation, there was an increase in resource circulation cost. The reduction of investment amount is mainly due to the fact that there was higher than average investment for the development of environmentally-conscious products in the previous year. The investment amount for fiscal 2007 was the ordinary year average.

【Environmental conservation cost】

		(million yen)	
Item	Main activities	Investment	Expense
1. Pollution prevention	Installation of exhaust gas treatment facilities and maintenance of wastewater plant	828	2,834
2. Global environmental conservation	Maintenance of cogeneration system	638	1,836
3. Resource circulation	Expense for waste disposal	360	2,549
4. Upstream/Downstream	Outsourcing of recycling	60	447
5. Administration	Maintenance and operation of environmental management systems	66	2,417
6. R&D	Research and development of environmentally-conscious products	2,568	14,236
7. Social activities	Expense for activities in Solar Ark	4	280
8. Environmental remediation	Groundwater purification	35	291
Total		4,560	24,889

■ Environmental Conservation Effects

The direct environmental conservation effects for fiscal 2007 decreased by 18% compared with fiscal 2006 to 9,051 million yen. This decrease is mainly due to the fact that the level of reduction of material consumption did not stay at the same level as in the previous fiscal year, which had a negative impact

on the resource conservation effect. On the other hand, there was an increase in profit from selling valuables related to waste disposal and recycling due to higher market price of raw materials and an increase in amount sold as a result of production growth.

【Environmental conservation effects】

		(million yen)	
Item	Main activities	Cost effect	
Direct effect	(1) Energy conservation	Introduction of electricity saving equipment	850
	(2) Resource conservation	Reduction of chemical usage	1,317
	(3) Reduction in waste disposal cost	Reduction of emission of industrial waste	263
	(4) Income from used paper collection	Sales of used paper	23
	(5) Environment-related business activities	Environmental analysis	275
	(6) Profit from selling valuables related to waste disposal and recycling	Profits on sale of scrap	6,323
Total			9,051

Calculation Method for Fiscal 2007

1. Environmental conservation costs (based on the Environmental Accounting Guidelines by the Ministry of the Environment)

Investment amount: amount of expenditure intended for environmental conservation

Expense: costs of labor intended for environmental conservation and depreciation expenses related to investments in environmental conservation

2. Environmental conservation effects

Direct effects: the effects which have direct impact on the environment and which can be converted directly into a monetary sum

3. Environmental conservation indicators: calculation of environmental conservation achievements that are thought to have significant effect on the environment

4. Period of survey: April 2007 to March 2008

5. Scope of survey: 98 domestic and overseas related companies of the Sanyo Group with ISO14001 certification (47 companies in Japan and 51 overseas)



Environmental Management, Environmental Accounting
→ www.sanyo.com/environment/en/env/

Together with Customers

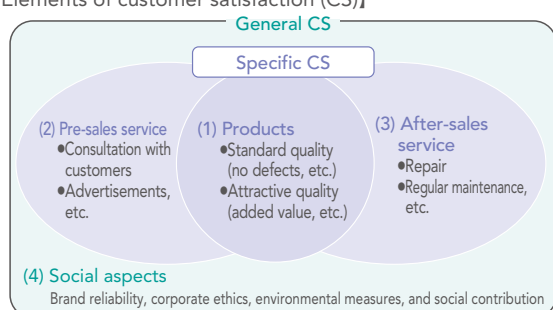
The Sanyo Group provides a wide range of products from home appliances, to electronic components, to industrial equipment. We seek to improve customer satisfaction through ongoing dialog, while placing priority on the quality and safety of products and service.

Improving Customer Satisfaction

Since its foundation, Sanyo has remained committed to achieving high customer satisfaction (CS) in its business activities. A Customer-First principle is explicitly expressed in the management philosophy and principles of conduct. Every executive and employee of the Sanyo Group keeps this principle in mind at all times, and strives to ensure that day-to-day activities lead to greater customer satisfaction.

The goal is to always ensure customer satisfaction (CS) at every stage, from the time that a customer is investigating a purchase, to the after-sales stage of repair and maintenance, and finally to the product disposal stage. Sanyo strives to improve all aspects of CS in inventive and imaginative ways, through coordination of all divisions including planning, technology, design, manufacturing, and quality control, as well as the sales and service divisions that have direct contact with customers.

【Elements of customer satisfaction (CS)】



Improving management quality, the foundation of customer satisfaction

In order to achieve the satisfaction of diverse customers and the greater society, Sanyo needs to improve its overall management quality in addition to product and service quality. The only way to do this is to continue producing results for customer, employee, social, and financial value. Based on this knowledge, the Sanyo Group has indicated its fundamental criteria for overall management quality in its Basic Standard for Management Quality, and has established the Basic Policy for Management Quality Improvement, along with the Basic Policy for Commercial Product Quality and Customer Service.

As a tool to raise the quality of overall management, the Sanyo Group has incorporated an approach from the program for management quality improvement endorsed by the Japan Quality Award (JQA)*1. Consequently, Sanyo is working to create an organization and corporate climate where management structures promote self-evaluation and continual renewal.

*1. The Japan Quality Award was established by the Japan Productivity Center for Socio-Economic Development. The awards are given to outstanding organizations and companies that use assessment standards incorporating new management approaches that keep pace with the changing times.

Basic Policy for Management Quality Improvement	<ul style="list-style-type: none"> ● Realize management with excellence to win the regard of customers and society <p>Based on a brand vision of Think GAIA, and a management philosophy that states, "We are committed to becoming an indispensable element in the lives of people all over the world," the Sanyo Group has established the Basic Policy for Management Quality Improvement in order to become an organization capable of continuously creating new values to satisfy customers.</p>
Basic Policy for Commercial Product Quality	<ul style="list-style-type: none"> ● With the aim of bringing about greater customer satisfaction, manage by giving 'quality' first priority <p>This policy was established in order to realize quality improvement for outstanding products and services, and to offer useful and safe products that satisfy customers.</p>
Basic Policy for Customer Service	<ul style="list-style-type: none"> ● Always put yourself in the position of customers and put customer satisfaction first ● What we truly aim at is customers' hearts and therefore provide that will stay in customers' hearts



Tender Loving Care and Appliance safety Tips
 → www.sanyo.co.jp/cs/aijoutenken/ (Japanese Only)
 Inquiries and Customer Service Support
 → www.sanyo.co.jp/cs/ (Japanese Only)
 Publicity and Advertising. Universal Design
 → www.sanyo.com/environment/en/society/

Highlights

- A total of 616 employees participated in training relating to revised laws such as the Consumer Product Safety Law in Japan
- Customers urged to inspect their Sanyo heaters just before winter
- Began e-LIFE Research in order to gather feedback from a wide range of customers

Aiming for higher quality

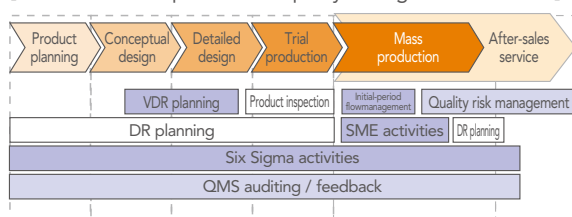
■ Improving quality, the basis of customer satisfaction

In the manufacturing business, product quality is the most fundamental element of customer satisfaction. The Sanyo Group's concept of product quality includes not just the safety, reliability, usability, and basic performance of the products themselves, but also the quality of service before and after sales, which covers the provision of product information and the explanation of usage methods.

The group devises and implements various initiatives in order to further increase product quality from the customer's perspective.

At the quality assurance departments of the head office and various divisions, the Sanyo Group carries out multifaceted inspections of the products that it manufactures and sells, according to inspection standards and methods devised for each product category. The inspection standards include legally required standards, Sanyo's own standards relating to safety and performance, and criteria based on customer perspectives. Products that have some items identified by inspectors during the inspection that they do not meet all the requirements are subject to strict measures for improvement confirmation and shipment determination. In fiscal 2007, product inspection was carried out for 36 models. All items identified were resolved through reliable measures, and product improvements were made.

【Product business process and quality management measures】



VDR: Virtual design review (design quality improvement using 3D CAD data before trial production)

DR: Design review (design inspection)

SME activities: Sanyo Group production improvement activities

QMS: Quality Management System

■ Evaluation of product safety

In order to provide customers with safe and reliable products, the Sanyo Group has prepared and implemented its own product safety standards in Japanese, Chinese, and English that surpass the stringent standards established by law and external agencies.

In fiscal 2007, Sanyo revised its standards for still greater product safety, and made its testing conditions even clearer, while expanding the reference cases for possible product accidents. A checklist was also prepared to ensure that the standards are strictly followed. Moreover, in order to evaluate and verify safety through actual testing, the Product Safety Test Lab located at Sanyo's Tokyo Plant actually burns products and components, and shares the results with each operating division for use in product development and design. We also utilize as an objective evaluation Minister Awards that the Japanese Ministry of Economy, Trade and Industry began giving to companies in fiscal 2007 that have contributed to product safety in order to verify and improve our safety criteria. Though Sanyo did not receive an award in fiscal 2007, improvement measures are being implemented in order to address the weaknesses that have been discovered.

■ Promoting quality-related training

The basis of quality improvement lies in quality management training for employees. The Sanyo Group has adopted the "Six Sigma" method as one way to improve quality, and carries out employee training using this technique. Six Sigma is based on scientific statistical analysis, and involves investigating the cause of problems that occur in the manufacturing process along with measures to deal with them, in order to reduce process defect rates and improve quality. Each division is obtaining good results with this method.

TOPICS | Thorough training on matters relating to revised laws

In fiscal 2007, Sanyo held 31 employee briefings in order to explain the details of a revision to the Japanese Consumer Product Safety Law, and measures to deal with the changes. Internal briefings were also held regarding a revision of a product labeling agreement that serves as the industry rules based on the Act against Unjustifiable Premiums and Misleading Representations. As a result, legal compliance was ensured.

Together with Customers

Providing Information to Customers

■ Providing Product Safety Information

As one method to provide information on the safe usage of products, Sanyo has prepared a resource called the Tender Loving Care and Appliance Safety Tips, which is available on the Sanyo Website. In addition to this online information, Sanyo has also prepared the Tender Loving Care Guidebook outlining regular inspection items and precautions for the use of 28 different products. The guidebook is distributed to customers through retailers and repair personnel. Moreover, dedicated staff are available to provide the necessary information directly to customers who have contacted us through the Customer Center for questions about using their products.



Sanyo's "Tender Loving Care and Appliance Safety Tips"
(Website in Japanese)

TOPICS | Customers urged to inspect their heaters just before winter

In fiscal 2007, announcements were placed in newspapers and on the Internet just before winter to remind customers to perform a self-inspection of their kerosene fan heaters. A toll-free number was set up to provide information on inspections and to answer customer questions. The Tender Loving Care Guidebook was also sent to customers to explain the self-inspections.

■ Important Notices concerning Products

In the event that a product safety issue or other serious quality problem is discovered and confirmed, Sanyo's first priority is to ensure customer safety. The relevant information is immediately released to the public, and prompt measures are taken such as inspection of affected products, and repair or replacement of necessary parts. In this way, Sanyo strives to minimize any harm to customers. Important notices are also posted on the company Website detailing information on required inspection and repair. Based on the Basic Policy for Product Safety established in May 2007, the internal reporting channels for product incidents were reestablished in July of the same year. Now Sanyo is able to promptly notify customers of the proper information and response measures in the event of a product incident.

Moreover, if there is a major product accident, it is reported to the Japanese Ministry of Economy, Trade and Industry, and posted on the Sanyo Website, based on the Consumer Product Safety Law.

Responding to product incidents

In fiscal 2007, incidents occurred involving Sanyo washer-dryers, due to manufacturing, inspection, and repair errors. The company made a direct public announcement and provided free inspection and repairs to the affected customers. An incident also occurred involving a Sanyo electric fan, which was caused by aged deterioration of internal parts, as the fan was used for over 30 years. Advertisements were placed to tell customers to discontinue use of this product, and free collection and disposal was provided.

Placing Importance on Customer Dialogue

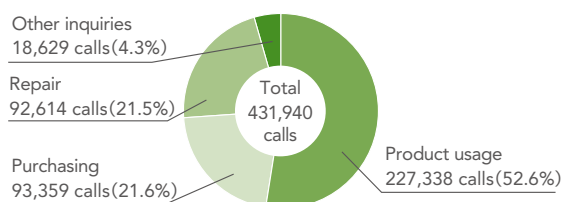
■ Call Centers Respond Directly to Customers

Sanyo has a range of specialized centers to provide information to and receive requests from customers. For example, the Customer Center provides general information to consumers about purchasing or using Sanyo home appliances and products. The sales desks at each of the Sanyo business divisions respond to corporate customers concerning industrial equipment and parts. Finally, the after-sales service and maintenance division answers all kinds of repair inquiries. The specialized staff at all of these centers are ready to listen to callers and strive to achieve customer satisfaction.

Customer Center

The Sanyo Customer Center receives over 400,000 calls annually. In order to respond quickly and accurately to these requests and inquiries, an interactive voice response system (IVR) is used to connect callers to the relevant specialized staff without delay. The center also operates 365 days a year, so that customers can call at their convenience. In order to enhance the knowledge and response capabilities of the Customer Center staff and to keep pace with the increasingly complex and function-equipped products, these staff undergo training and product seminars with the support of the product planning and design divisions.

[Customer Center inquiry types (FY2007)]



After-sales Service and Maintenance Division

SANYO Electric Service Co., Ltd., is the Sanyo Group's division for after-sales service and maintenance. In addition to providing service and maintenance for all Sanyo products and industrial equipment, this division also strives to improve customer satisfaction through various kinds of support activities ranging from proposals for optimal devices and systems to meet customer needs, to the design and building of these products. With a service network of 120 locations across Japan, the division is able to deliver fast and attentive repair service to customers. Moreover, the division is helping to reduce the environmental impact of products by maintaining them in top condition, and ensuring the effectiveness of energy saving features. SANYO Electric Service offers 24-hour consultation service, 365 days a year, for its industrial equipment products and technology. In the area of home appliances, even more accurate after-sales service is being provided to customers through a cooperative network of retailers, and a direct shipping system for repair parts.

Utilizing Customer Feedback in Product Development

The Sanyo Group is continuing its initiatives to ensure that customer opinions are reflected in the entire product development process from concept creation to planning, development, sales, and service. Customer opinions, requests and product repair data are entered into the CS Information System on the company intranet, and the information is actively utilized by each division.

Holding Customer Opinion Review Meetings

The Customer Center sends staff to the operating divisions to meet with those in charge of planning, development, design, quality, CS, and after-sales service. These Customer Opinion Review Meetings are held twice a year in order to convey customer feedback including opinions and requests, directly to the divisions. At the meetings, the results of measures to deal with prior issues, the progress status of current measures, and new issues are confirmed for each consumer product. The personnel at the meetings propose and discuss measures from their own perspectives, which result in improvements to products and operating manuals, and more accurate response measures by the Customer Center.



Customer Opinion Review Meeting

Oeuf Club and CS Voice Program

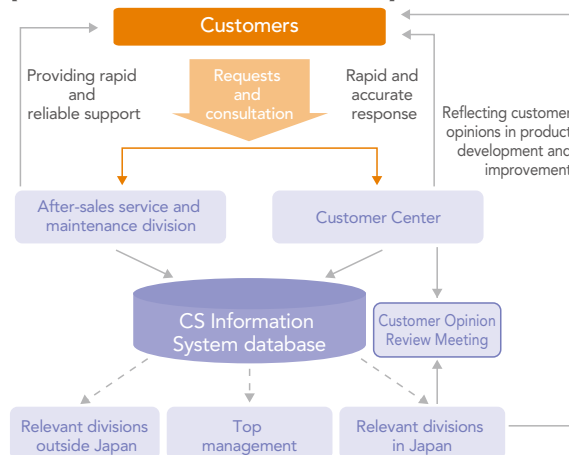
In order to more actively gather customer feedback, the marketing division has established a customer membership organization*1 called the Oeuf Club, in order to better ascertain consumer needs. In fiscal 2007, a new online organization, the SANYO e-LIFE CLUB, was started. Moreover, the CS division operates a CS Voice Program in order to use employee opinions in product creation, and carries out questionnaires in order to verify new product functions and identify improvement points.

*1. The club is comprised of invited customers who completed and sent back the user's card included in Sanyo products, and then responded to a follow-up customer satisfaction questionnaire.

TOPICS | Gathering opinions from more customers: e-LIFE RESEARCH

The SANYO e-LIFE CLUB's e-LIFE RESEARCH was created in order to expand market research to people other than purchasers of Sanyo products, and gather a wider range of consumer opinions. For example, the aairs Room Cleaner Cyclone launched in September 2007, was based on such customer research. Some households with allergy-sufferers or small children said that they were sensitive to the dusty air caused by vacuuming in the home. This led to the creation of a vacuum cleaner that not only cleans the floors, but also the air.

[Customer information flow and feedback]



Together with Employees

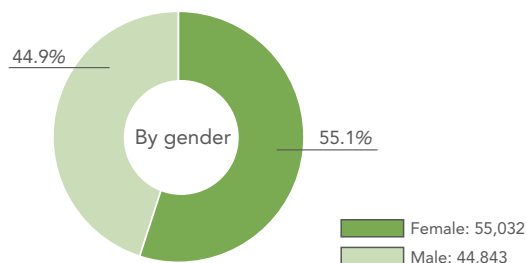
Respecting the diversity of individuals, and creating workplace environments that allow all employees to fully realize their abilities and career goals.

Fair Employment

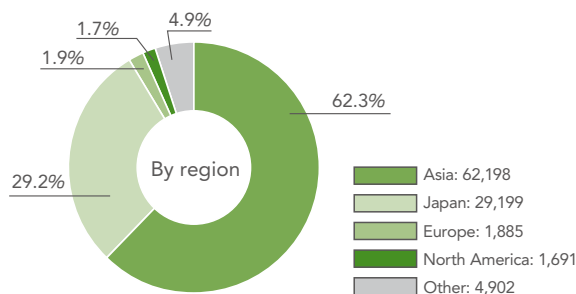
With operations on a global scale, the Sanyo Group employs 99,875 employees worldwide, as of March 31, 2008. The ratio of male and female employees is mostly equal, employment regions span the globe, and the Sanyo workforce is rich in diversity.

Recruitment, hiring, and promotion are carried out in an open and fair manner in every respect, according to the Sanyo Group's Principles of Conduct, and its Code of Conduct and Ethics. In addition to observing the relevant laws and regulations in each country concerned, Sanyo respects the intent of the UN's Universal Declaration of Human Rights, and the ILO's International Labor Standards. The individual rights of Sanyo employees are respected, and there is no toleration of discrimination based on race, religion, nationality, age, or gender.

[Employee breakdown by gender in FY2007 (consolidated basis)]



[Employee breakdown by region in FY2007 (consolidated basis)]



Promoting Diversity

It is the diversity of individual Sanyo employees that helps create new value, and that serves as the driving force behind the growth of the company. Accordingly, Sanyo is working to address issues such as nationality diversity, creating opportunities for women, hiring persons with disabilities, and promoting locally hired human resources.

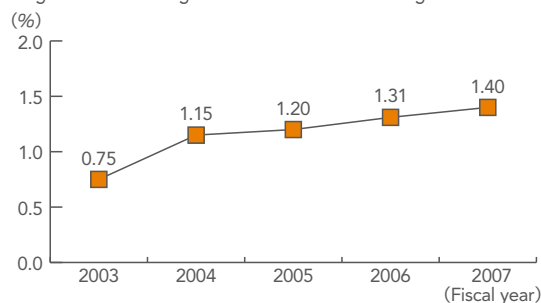


Promoting the Role of Women

In order to further promote the role of women in the company, Sanyo has established a Positive Action Committee comprised of labor and management members, half of whom are female, both for labor and management. The committee actively discusses issues relating to the proper evaluation and treatment of men and women, and initiatives based on these discussions have steadily produced results. Women now have a greater role in many divisions, including planning, sales, and technology development. The percentage of women in overall management positions^{*1} has increased as a result. In fiscal 2007, the rate was 1.40%.

^{*1}. Defined as a management position of section manager or higher.

[Change in the Percentage of Women in Overall Management Positions]



Highlights

- The percentage of women in overall management positions has increased.
- The Sanyo Group has been officially recognized for its ongoing efforts to increase the number of persons with disabilities that it employs.

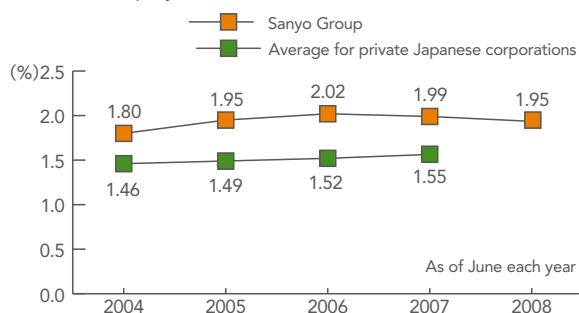
■ Creating rewarding workplaces for employees with disabilities

In order to create work environments that are rewarding and motivating for everyone, the Sanyo Group is striving to increase job opportunities for people with disabilities. Currently, disabled employees are working at Sanyo sites across Japan where their abilities can be best developed, including two specially designated subsidiaries^{*2}: SANYO Heart Ecology Co., Ltd., which cultivates and operates a lease service for orchids and ornamental plants, and Harima SANYO Industry Co., Ltd., which assembles electrical products such as high-performance massage devices. The employment ratio^{*3} for disabled persons in the Sanyo Group is 1.95% as of June 2008.

^{*2} These are subsidiaries that must satisfy certain conditions, including employing those with disabilities for at least 20% of the workforce. Under the Japanese Law for Employment Promotion, etc., of the Disabled, the employees in these subsidiaries can be included in the calculation of the disabled employee ratio for the parent company.

^{*3} This calculation includes SANYO Electric Co., Ltd. as a parent company, two specially designated subsidiaries, and 9 subsidiaries authorized for consolidation in the disabled persons employment calculation.

[Disabled employee ratios]



TOPICS | Recognition for ongoing efforts to increase hiring of persons with disabilities

SANYO Energy Twicell Co., Ltd., has been recognized for its continuing efforts to achieve a high rate of employment for persons with disabilities. In September 2007, the company received official commendation from the Governor of Gunma Prefecture as an outstanding workplace for persons with disabilities. At the same time, the Gunma site of SANYO Heart Ecology Co., Ltd., was recognized for its initiatives to develop new businesses to enable the hiring of more persons with mental disabilities, who may have difficulty performing regular jobs. As a result, this company received official recognition from the Director of the Association of Employment Development for Citizens, Gunma.

■ Active Promotion of Locally Hired Human Resources

Along with the global expansion of its operations, Sanyo is carrying out local hiring at overseas sites in various fields including not just manufacturing, but also technology development, quality control, sales, and business planning.

Sanyo's objective is to realize optimal posting of human resources on a global scale, as well as business management that is more in touch with local conditions. This is being achieved through the strengthening of global management and the creation of systems for training, evaluation, and treatment of employees that are tailored for each country or region.

Maximizing each staff member's ability and supporting the continuous development of group companies



Brad Young,
Senior Counsel
Legal Department
SANYO North America
Corporation

The role of the SANYO North America Corporation Legal Department is to assist and ensure that each Sanyo Group company in North America obtains the best possible terms in their business relationships, maintains legal compliance, and protects and enhances the Sanyo brand. The SNA Legal Department staff consistently handles multiple diverse legal and intellectual property matters; therefore, as Director of the SNA Legal Department, I consider each staff member's experience, and skills for their work projects so their individual abilities can be enhanced and maximized.

The most challenging aspects of my position are to supervise numerous legal matters occurring on a daily basis, ensuring that each Sanyo Group company receives optimized professional services, and to promote proactive legal measures throughout North America. My goal is to implement necessary improvements to become a legal department model for other overseas headquarters of Sanyo Group. In addition, my consistent long-term target is to ensure complete legal compliance of all Sanyo Group companies in North America while supporting their continuous business development.



Fair Employment, Promoting Diversity,
Creating Supportive Workplace
→ www.sanyo.com/environment/en/society/

Together with Employees

Creating Supportive Workplaces

■ Encouraging a Balance of Work and Family Life

The Sanyo Group is creating a welcoming work environment for both male and female employees who want to balance work and family life. Initiatives have been carried out mainly by the labor-management Committee for Measures to Support the Development of the Next Generation, including the measures to promote the use of childcare leave by male employees, and the introduction of a program to support workers returning to the workplace.

TOPICS | Certified based on the Next Generation Nurturing Support Measures Promotion Law

In recognition of Sanyo's various childcare support initiatives, in April 2007, Sanyo obtained certification^{*1} based on the Next Generation Nurturing Support Measures Promotion Law. Starting in April 2008, Sanyo expanded the eligibility period under its system of shorter working hours for parents with young children. Employees are now eligible for the system until March 31st of the year in which the child completes grade 3. In order to continue promoting work environments that enable parents to balance childcare and work, Sanyo established a second action plan for child-rearing support, and took initiatives such as awareness raising, improvement of understanding at the workplace, and other measures to support the balancing of work and parenting responsibilities.

^{*1} Based on achieving an action plan for child-rearing support, and meeting the certification standards of the Japanese Ministry of Health, Labour and Welfare.

[Number of Employees using Support Systems for Balancing Work and Family Life]
(Unit: People)

	FY2005	FY2006	FY2007
Maternity leave	150	127	124
Childcare leave	153 (including zero male employees)	175 (including 2 male employees)	152 (including zero male employees)
Family medical leave	2	4	6

■ Sincere Dialogue with Employees

The Sanyo Group places importance on dialogue with its labor union and building good relations with employees. The SANYO Electric Workers' Union is made up of about 18,000 employees from SANYO Electric Co., Ltd., and its main subsidiaries in Japan. The company holds daily discussions with the union on employee labor conditions and other matters, and both management and union leaders attend the Joint Management-Labor Conference, which is held regularly. At this conference, top management explains management policy and listens to the opinions of employees from the union perspective, and strives to reflect them in management of the company.



General Management-Labor Conference

■ Proper Evaluation and Treatment

In order to ensure sustainable growth in the future, it is important for the Sanyo Group to specify organizational roles according to the brand vision and management policy. The desired direction for the organization then needs to be unified, and the cohesive momentum increased.

A new personnel system was implemented in fiscal 2007. The new system clarifies the organizational functions and the expected roles of employees within this framework. It also specifies the specialized abilities that need to be acquired in order to fulfill each of the roles. The target management system, evaluation standards, and promotion conditions are then established based on this. By evaluating whether a good balance has been achieved for both the acquisition of specialized skills and the execution of the expected role, and by reflecting this in the treatment and remuneration, a more results-oriented personnel system has been established for better satisfaction, transparency and fairness.

I learned a lot during my childcare experience

For me, housework and childcare turned out to be even more demanding than my job. This is because, if you are performing housework and childcare alone, you must keep your eyes on your child 24 hours a day, while cooking meals and doing laundry and other work at the same time. With a job outside the home, you are able to get a break from childcare duties while at work, and then leave behind your work responsibilities when at home. I'm sure that everyone realizes the labor involved with doing housework and childcare all alone, but you cannot fully understand how hard it is until you actually try it for yourself. Childcare leave was a truly educational experience for me. I feel like I have achieved something that few other men have attempted.

Tatsuya Fujishima
Engineering Dept. System Solution Business H.Q.
SANYO Semiconductor Co., Ltd.



Occupational Health and Safety

■ Placing Importance on Health and Safety

The Sanyo Group has established an occupational health and safety committee made up of the industrial physician and representatives from labor, management, and the employee health insurance society. The central health and safety committee determines the health and safety policies for the whole group, while the individual health and safety committees at each site implement activities that suit the features and conditions at their own locations, based on the group-wide policies.

Every year, a group-wide Health and Safety Conference is held with the participation of approximately 1,300 people including executives and division managers. Its goal is to increase awareness of health and safety issues through the sharing of information concerning the current situations and advances made in the workplace.

Basic Policy for Health and Safety

1. Establish zero-hazard workplaces
2. Promote overall health
3. Hold health and safety activities for all employees

TOPICS | Group-wide introduction of risk assessment for labor safety

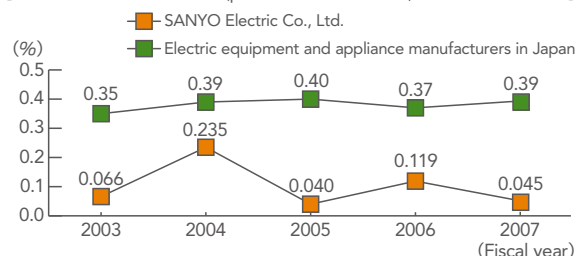
In fiscal 2007, Sanyo promoted group-wide introduction of risk management for the implementation of suitable safety measures from a safety management perspective. This was done through advance identification of latent dangers in the workplace on an independent basis, rather than relying on the introduction of such measures after an accident.

■ Working towards Zero Occupational Accidents

At Sanyo, when an industrial accident occurs, an accident report is immediately sent to all the health and safety managers, and measures are taken to prevent recurrence of similar accidents. In addition, when multiple accidents occur within a three-month period, or when there is a serious accident, or one resulting in an employee missing a day or more of work for medical treatment, the site in question is designated as requiring safety management measures. A plan is then drafted in order to prevent reoccurrence of similar accidents. Based on the plan, the designated site must carry out workplace safety patrols and intensive inspection activities for three months. Such initiatives help to sustain the awareness and concern of managers and employees towards safety. Sanyo sites that have introduced occupational health and

safety management strive for continual improvement of the system through risk assessment and internal auditing. Moreover, we hold meetings to report successful improvement activities, and promote measures for occupational accident prevention.

[Accident occurrence rates (per million labor hours)[non-consolidated]]



■ Promoting Good Mental Health

The environmental stress in companies has become more pronounced in recent years, and the percentage of employees missing work due to mental health issues has increased as a result. Therefore, appropriate measures are necessary to combat this trend.

Sanyo provides mental health materials for employees on the company intranet, including a checklist for self-evaluation of stress levels, and information on consultation offices at the company's industrial health centers. Furthermore, in order to deepen awareness of good mental health, and to detect and help employees with mental health issues in the early stages, Sanyo offers classes for managers given by internal and outside mental health experts, as well as "active listening" training for mental health counseling, at each Sanyo site. Since managers play an important role in connecting subordinates with the industrial physicians and other experts, mental health seminars are held with the goal of reaching all managers in every Sanyo site in Japan, in order to improve their management skills and awareness. Participants in the mental health classes are given a questionnaire, and based on this feedback, the training program is improved and better results achieved.

TOPICS | System for checking stress levels made easier to use

In fiscal 2007, Sanyo created a checklist for self-evaluation of stress levels on the company intranet to allow employees to easily check their own health conditions. Based on this, full-scale implementation of activities to improve workplace environments will be carried out starting in fiscal 2008.

Together with Business Partners

As a buyer of diverse materials and components, the Sanyo Group seeks to build good relationships with its business partners through fair selection of suppliers, and purchasing that is legally compliant.

Impartial and fair transactions

Based on a General Policy on Purchasing, Sanyo is pursuing open and global purchasing with a wide range of business partners in and outside Japan. The selection of suppliers is determined through a comprehensive evaluation that is impartial and fair, based on Sanyo's standards. The evaluation criteria include a supplier's record in the areas of human rights and legal compliance, along with the company's fulfillment of social responsibilities.

General Policy on Purchasing

1. In order to diversify purchasing activities broadly in and outside Japan, to give suppliers equal opportunities, and to ensure customer satisfaction, purchasing personnel must pursue the global and open activities for the optimal quality and prices, and timely delivery.
2. Based on the rules of the Sanyo group, the purchasing personnel must pursue impartial, fair and comprehensive evaluation, and unbiased and transparent selection of suppliers.
3. Mutual understanding and trust must be established by treating suppliers as good partners to achieve each mission, through creation of healthy relationships.
4. "Green procurement", which provides preferred treatment to purchasing of ecologically friendly products from the ecologically friendly suppliers, must be promoted for striving to be in harmony with the global environment.
5. Every relevant laws and regulations in and outside Japan, as well as company rules, must be complied at purchasing activities. Furthermore, confidential information from suppliers obtained through purchasing activities must be strictly managed, and confidentiality must be maintained.

■ Compliance with the Subcontract Act

When it comes to materials/components purchasing, the Sanyo Group ensures thorough compliance with the Japanese Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Subcontract Act), and faithfully honors the basic transaction agreements that it signs with suppliers. The company checks whether transactions are being carried out in an impartial and fair manner through internal surveys and self audits. The Sanyo Group also carries out regular internal training regarding the Subcontract Act, in order to improve the awareness and knowledge of relevant executives and employees. In fiscal 2007, ten seminars and briefings were held for about 500 employees.

■ Antitrust Law Compliance Survey

In order to prevent any violations of the Japanese Antitrust Law in its business activities, the Sanyo Group regularly implements Antitrust Law Compliance Surveys for managers in its sales, purchasing, technology, and manufacturing departments. The survey is based on a checklist prepared according to various guidelines provided by the relevant authorities. The survey participants are interviewed or complete a written questionnaire, and are told to make the necessary improvements when any issues are discovered. In fiscal 2007, the survey covered 487 employees, mostly managers in various departments.

Strengthening partnerships

In order to create products that will delight customers, the Sanyo Group is strengthening its development purchasing efforts by taking cost, quality, safety, and environmental factors into consideration right from the design stage, through cooperation between the design/development departments and the purchasing departments. In the field of commercial equipment, Sanyo invites the participation of suppliers in review meetings for teardown*1 and for added value creation (value analysis and engineering). In this way, the group is strengthening partnerships for better product creation.

In recent years, the group's procurement from China and Southeast Asia has rapidly increased. The amount of purchasing from southern China in particular is equal to about 20% of the group's entire procurement. Consequently, in 2006 Sanyo established an international procurement center in this region, and is promoting initiatives to improve the group's purchasing abilities, and to build relationships of trust with suppliers. In the future, Sanyo will expand these measures to northern and eastern China, as well as Southeast Asia.

*1. Analyzing products down to the component units, investigating quality and safety for each part including the manufacturing process, and then improving the products.

TOPICS | New Management System Briefings

New Management System Briefings for Suppliers were held in fiscal 2007. In addition to information on Sanyo's business directions, suppliers were told about the purchasing department's priority measures for development purchasing and international procurement. The business divisions also made efforts to obtain the opinions and feedback of suppliers by providing opportunities for information exchange.

Together with Local Communities

By living together with local communities and helping them to grow and prosper, Sanyo is contributing to society while utilizing its management resources and expertise through its businesses.

Dialogue with Local Communities

The Sanyo Group promotes harmonious business activities by adapting the company's standards to better meet the regulations and conditions in each country or region that Sanyo operates.

Communication is essential in order to determine the activities and policies that are needed for each community. When participating in and supporting local volunteer activities such as community renewal, it is the employees of the Sanyo site concerned that maintain a dialogue with the local government or local resident representatives. Community understanding of the vision and business activities of the Sanyo Group is also deepened through this kind of dialogue.

Corporate Contribution together with Society

By utilizing its management resources and specialized technology, Sanyo is helping local communities to grow and prosper in the areas of environmental protection, youth education, and employee volunteer activity support. In this way, the company is working with local communities to advance its social contribution activities.

These kinds of corporate citizenship activities help instill the spirit of volunteerism in every Sanyo employee, and they are an important opportunity for communication with local society. By building community partnerships with the aim of helping to create a vibrant society based on open cooperation, Sanyo is also investing in its own business future.

■ Environmental Protection

Education and Awareness-raising with the Solar Ark

Located at the Gifu site, the Solar Ark solar power generation system is a symbol of the Sanyo Group's commitment to developing potential for and realizing the dream of clean energy, as it strives to become a leading provider of Environment- and Energy-related products. With its impressive appearance, the Solar Ark has helped raise awareness of solar power.



Solar Ark

There is a unique solar energy museum next to the Solar Ark, and is used for a variety of purposes. It is visited by members of the general public for continuing education programs on environmental issues, as well as by elementary, junior high, and senior high school students as part of their social studies. The

museum is also used by organizers of various assemblies on energy and environmental topics, by participants in programs sponsored by the Gifu Centers for Climate Change Actions, by educators on inspection tours, and by corporate employees for their training programs. In addition to these tours and training courses, Solar Cell Courses are sometimes held to teach the importance of clean energy such as solar power. Moreover, Gifu Earth Environment School is also held based on cooperation between industry, government, academia, and the public in Gifu prefecture. Parents and children are able to learn the importance of the global environment through various workshops and lectures on topics that are relevant to their near affairs.

Over 300,000 people from 90 countries have visited the Solar Ark since it opened, and it provides a great opportunity to think about life and the Earth.



Solar Energy Museum

"Environment for All" Activities

In fiscal 2005, the Sanyo Forest work camp project for Japanese forest protection was begun. Two hectares of a prefecture-owned forest in Kurabuchi, Takasaki, Gunma have been set aside for the project, and Sanyo volunteers and their families have been carrying out maintenance of this forest several times a year. This has become an important opportunity to refocus awareness on the importance of the natural environment, and to foster the spirit of volunteerism. The total number of participants reached 171 by the end of fiscal 2007. In fiscal 2008, another Sanyo Forest work camp will be opened in Miyama, Nantan, Kyoto.



Sanyo Forest work camp (Gunma)



Social Contribution Activities

- [www.sanyo.co.jp/social/culture/\(Japanese Only\)](http://www.sanyo.co.jp/social/culture/(Japanese%20Only))
- www.sanyo.com/environment/en/society/

Together with Local Communities

■ Youth Development

Environmental Education Activities for Elementary School Students "Eco Education Program for Elementary Schools"

Sanyo has been carrying out environmental education for school children, centered on the topic of Sanyo's eneloop rechargeable batteries, which can be reused about 1,000 times. Since April 2006, Sanyo instructors have visited 82 elementary schools in Japan and have given lessons to 6,260 students about the importance of protecting the global environment through practical "reusing batteries" experience.

In order to provide environmental education to even more elementary schools, in fiscal 2007 Sanyo began initiatives to provide classroom materials free of charge to teachers involved in environmental education. In addition to elementary school teachers, NPO and local government instructors have received these Sanyo materials in order to convey the importance of rechargeable batteries and the 3Rs^{*1} for the global environment to about 3,000 children. As part of new efforts, Sanyo has cooperated on environmental classes at the Eco Products exhibit, joint classes with TOMY Company, Ltd. using the i-SOBOT^{*2} toy, and sessions with major tutorial schools in Japan, thereby expanding the extent of Sanyo's environmental education. In recent years, the demand for environmental education is also increasing outside Japan, and Sanyo is providing support from Japan so that classes can be held that match the educational styles in the countries concerned (see pages 55 to 57).

*1. Reduce, reuse and recycle

*2. World's smallest bipedal humanoid robot, which comes equipped with eneloop batteries



Environmental Classes at Elementary Schools

Workshops and Scientific Experiment Shows at the Solar Ark

Since fiscal 2002, the Solar Ark has organized original workshops and scientific experiment shows to increase awareness of global environmental issues and interest in science and technology among children. A total of 39,908 people have participated in these events up to the end of March, 2008. The Creative Kids Workshop is a summer program, and 2007 marked the third holding of the workshop. Many parents and children got the chance to experience the fun of product creation, thanks to the efforts of Sanyo Electric volunteers including product designers.

The 5th Eco & Science Festival was held in March 2008, as an event to help children develop empathy for both science and the environment. This time new activities were tried at this solar energy museum, including sun observations and the making of dye-sensitized solar cells.

The Youngsters' Science Festival at the Solar Ark^{*3} is held every year as the largest festival of its kind in the Gifu region, featuring a large workshop where children can experience the fun of science. It is popular with children in Gifu and Aichi prefectures. Since 2005, Sanyo also has continued to participate in regional science museum projects supported by the Japan Science and Technology Agency, and in science classes sponsored by the Japan Society of Applied Physics, Tokai Branch.

*3. A nationwide workshop festival held by Japan Science Foundation with the backing of agencies including the Ministry of Education, Culture, Sports, Science and Technology. The Solar Ark Festival is co-sponsored with the Festival Executive Committee, comprised mainly of the Gifu University Faculty of Education, Ozaki Lab.



Creative Kids Workshop

Highlights

- Through the Eco Education Program for Elementary Schools, environmental classes have been given to 6,260 children at 82 schools over two years.
- The SANYO Think GAIA Foundation has given out about 40 million yen in grants over six years.

Interacting with Communities through Sports

With the mission of helping children who are the next generation to find their dreams, and to experience the excitement of sports, Sanyo's badminton team and Wild Knights rugby team are actively engaged in community outreach activities.

In 1992, the badminton team set up a junior badminton school, under the guidance of mostly retired team members. In cooperation with local leagues, the members gave classes in elementary school gymnasiums. In addition to contributing to the sound development of elementary and junior high school students through a community, school, and corporate partnership, Sanyo's badminton team is actively participating in activities with the aim of increasing the popularity of badminton, including technique training sessions across Japan. The retired members of Sanyo's Wild Knights rugby team provide coaching at rugby schools for elementary and junior high school students. The players and staff also meet with children across Japan to play tag rugby^{*4}. Through interaction with 13,339 children in fiscal 2007, Sanyo's rugby team has been supporting the sound development of children, while increasing the number of rugby fans and promoting local sport.

^{*4}. Instead of tackling, players attempt to pull waist tags from the ball carrier



Badminton workshop



Tag rugby

Supporting Employee Volunteer Activities

Based on management-labor cooperation, Sanyo is creating work environments that make it easy for employees to actively participate in volunteer activities.

The Volunteer Time Off and Temporary Leave Programs were introduced in 1992 as a specific workplace improvement policy. In fiscal 2007, a total of 176 employees took volunteer time off in order to participate in various activities. In fiscal 2006, a Silver Ribbon Award system was created to recognize the social contribution activities of employees. In this way, Sanyo is encouraging the spirit of volunteerism among its staff, increasing understanding in the workplace, and creating environments that are easier to work in.

● Volunteer time off

If employees wish to participate in volunteer or community service activities on a weekday, they can obtain special paid days off up to six days a year (or 12 half-days).

● Volunteer temporary leave

If employees wish to participate in extended-term volunteer activities, they can take paid leave for one month, or up to one year. (This includes training and actual activity time for those participating in the Japan Overseas Cooperation Volunteers program.)

Grants and Donations

■ SANYO Think GAIA Foundation

Following the completion of the Solar Ark solar power generation system in December 2001, the SANYO Environmental Fund was established in April 2002 with the goal of contributing the energy savings generated by the system to various environmental conservation activities. Headquartered at Corporate Environment Center, this fund has been offering financial support to worthy environmental activities carried out by volunteer organizations and NPOs.

In February 2006, the name of the fund was changed to the SANYO Think GAIA Foundation, and its activities were expanded to include support for the sound development of youth and social education. In the six years since the foundation's original establishment, it has given 34 grants^{*5} totaling about 40 million yen to 20 organizations. Recipients include the Gifu Youngsters' Science Festival, the Gifu Earth Environment School, and the Otsu Environmental Forum.

^{*5} Since some projects are ongoing, the number of grants is greater than the number of organizations.



SANYO Think GAIA Foundation
→ www.sanyo-ecokikin.jp/ (Japanese Only)

CSR Activities Outside Japan

Sanyo Group companies worldwide are promoting CSR activities together with stakeholders.

Asia

■ SANYO GULF FZE (United Arab Emirates)

Supporting a used battery collection campaign in elementary schools

Since 2006, Sanyo Gulf, a consumer products sales company, has been supporting a campaign to collect used batteries at local elementary schools. The effort is being carried out in cooperation with the Emirates Environmental Group, an NGO promoting environmental protection activities focused on the 3Rs (reuse, reduce and recycle), and the activity is also supported by local communities and schools. Initial education is given to elementary schools on the importance of environmental protection, and the school that collects the most used batteries is given an award on World Environment Day^{*1}. In 2007, 561 Kg of used batteries were collected. It is expected that the children will continue to improve their environmental awareness through this kind of every-day initiative.

^{*1} June 5 has been established by the UN as the day for raising environmental awareness



Elementary school students that participated in the collection campaign

■ P.T. SANYO Electronics Indonesia (Indonesia) Participation in an industry-university cooperation program

P.T. Sanyo Electronics Indonesia, a color television manufacturer, is participating in a government program that aims to strengthen science and technology cooperation between industry and educational institutions, especially in the field of consumer electronics. In November 2007, the company began working with the engineering department of Gadjah Mada University in the Jogjakarta region. Sanyo Electronics Indonesia receives student interns from the university to work at its plant, and sends engineer instructors to give classes and technical training in the university and the surrounding area. Industry also benefits from the results of research activities by the universities. The instructors and their lectures have been very well received by the university, and during the three years prior to 2010, Sanyo Electronics Indonesia will receive over 20 student interns, and is planning to give lectures to a total of about 150 students.



Lecture

■ SANYO ENERGY (SINGAPORE)

CORPORATION PTE. LTD. (Singapore)

Environmental classes at Japanese schools in Singapore

During November 2007, Sanyo Energy (Singapore), a battery sales company, held environmental classes featuring a rechargeable battery that can be reused 1,000 times, at two Japanese schools in Singapore. Through these classes the children were able to give serious consideration to what they can do personally to help protect the planet. The Singapore government has been promoting awareness-raising activities that encourage citizens to take environmental steps in their own lives, and has initiated a project to reduce waste. Sanyo Energy (Singapore) decided that it also wanted to help promote environmental awareness in this country, and will begin offering environmental classes to local Singaporean schools in fiscal 2008.



Environmental class at a Japanese school in Singapore

■ SANYO SEMICONDUCTOR (THAILAND) CO., LTD. (Thailand) Proactive initiatives for environmental protection

A semiconductor company, Sanyo Semiconductor (Thailand), is taking various initiatives to help protect the environment, including the reuse of water based on the Aquacloser silicon wastewater treatment system. The company has also adopted absorption chillers^{*2}, and an energy-saving design for its company building. These efforts have been recognized under a government award program for corporate initiatives to protect environmental quality. Up until fiscal 2005, Sanyo Semiconductor (Thailand) received awards in the four categories of safety, quality, productivity, and the environment, and in fiscal 2007, the company obtained an award in the category of energy management. It was even honored with the Prime Minister's prize for the most outstanding company, selected from among all the award winners. Every year the company reports its daily activities including environmental efforts directly to local stakeholders, and strives to foster relationships of trust with them.

^{*2} Industrial air conditioner featuring clean and energy-saving technology that uses water instead of CFCs as a refrigerant



Annual presentation to local community members

China

■ Guangzhou Sanyo Car Electronics Co., Ltd. (Guangdong sheng Guangzhou shi)

Maintaining good communication with employees

Guangzhou Sanyo Car Electronics handles everything from the development and design of automotive multimedia products to after-sales service. Every December, the company conducts an employee feedback questionnaire as part of measures to foster mutual understanding between labor and management. This is based on the knowledge that relationships of trust between workers and managers are vital to the business operation.

The survey consists of about 40 questions on issues such as management, occupational health and safety, working conditions, understanding between colleagues and superiors, wages, and company welfare programs. Employees rate their level of satisfaction or understanding for each item on a scale of one to five. Based on the questionnaire results, managers carry out changes, and implement improvement measures incorporated into activity guidelines and plans for the following fiscal year. In this way, the company can address issues that seem problematic or where there is low employee satisfaction. When there are inconsistencies between employee understanding and company expectations on management policies, training is carried out in order to eliminate them. All employees are able to review the questionnaire results and response measures through bulletins on the company intranet. The results of these initiatives as well as other measures have been effective.



Employee recreation

■ SANYO Energy (Tianjin) Co., Ltd. (Tianjin shi)

Environmental classes at a Japanese school in Tianjin

In July 2007, Sanyo Energy (Tianjin), a company that manufactures and sells rechargeable batteries, provided environmental classes for 81 students in grades 4 through 6, at a Japanese School in Tianjin. The classes conveyed the importance of protecting the global environment by showing the features of a rechargeable battery that can be reused 1,000 times. Various batteries manufactured at the Tianjin plant were shown to the kids, including a



Environmental class at a Japanese school in Tianjin

rechargeable battery that had been cut in half to show the interior. Many of the children responded to the classes by saying they would do things in their own lives to help protect the global environment.

■ SANYO ENERGY (SUZHOU) Co., Ltd. (Jiangsu sheng Suzhou shi)

Environmental protection initiatives in business activities

After recognition of its proactive environmental protection initiatives by the local environment bureau, in July 2007, Sanyo Energy (Suzhou), a company developing, manufacturing and selling rechargeable batteries, obtained certification as an environmentally friendly company in Jiangsu province. Thanks to initiatives to reduce pollutants through the introduction of advanced environmental equipment and ecological management according to ISO14001 criteria, the company is maintaining its total emissions of principal pollutants within environmental standards set by the local environmental protection bureau. Moreover, the concentrations of pollutants in gas emissions and wastewater are far below the maximum levels set by China's national standards.

Through basic activities such as implementing the five pillars of tidiness, orderliness, cleanliness, standardization, and discipline, the environmental management level at this site was increased, resulting in less production waste. All employees also undergo environmental training to ensure the steadfast implementation of these efforts. In a questionnaire given to employees and residents living near this site, 90% or more were satisfied with the environmental protection measures of Sanyo Energy (Suzhou).



Certification as an environmentally friendly company in Jiangsu province

Environmental protection initiatives in the local community

The company also has an Environmental Protection Volunteer Organization that includes 215 employees. In December 2007, about 80 people participated in a nearby cleanup activity in Taihu Park. In March 2008, about 100 people participated in the planting of 200 Camptotheca (happy trees) and 100 Japanese cherry trees in the same park, with the cooperation of local government. The purpose of the event was to improve the community's green space and promote friendship between China and Japan. In March 2008, Sanyo Energy (Suzhou) began offering environmental classes to local elementary schools. As the first initiative of its kind in this area, it drew a lot of interest from local government and residents.



Cleanup at Taihu Park

CSR Activities Outside Japan

North America

■ SANYO Semiconductor (U.S.A.) Corporation (U.S.A.) Realizing direct dialog between management and employees

Semiconductor sales company, Sanyo Semiconductor (U.S.A.), has held an annual conference every April since 2006. It is attended by management and all employees, creating opportunities for direct dialog between managers and staff. At each conference, the company president reports on the activities of various departments during the prior fiscal year, and announces the activity goals for the new fiscal year. In addition to answering questions from employees, recognition is given to those employees that contributed most to the development of the company during the past year. At the conference in April 2008, the sales strategy for fiscal 2008 was announced, and there was a lively question and answer session on customer service measures.

Four employees received commendation for their achievements, namely, constructing new business models, cultivating new customers, as well as proposing and executing cost cutting measures.



Employees receiving commendation

■ SANYO CANADA INC. (Canada) Offering environmental classes to local junior high schools

In May 2007, consumer products sales company, Sanyo Canada, gave an environmental class to a junior high school in Toronto. In addition to telling the students about Sanyo Canada's environmental initiatives, the company instructor used a Canadian version of the text created for Sanyo's environmental classes in Japan. The students learned about what they can do in their daily lives to help address current environmental problems, and were reminded that rechargeable batteries are one way for them to help protect the global environment. The class was very well received, and the company will continue to work with local schools and educational institutions to raise interest in environmental protection efforts among teachers and students.



Environmental class at a junior high school in Toronto

Europe

■ Two companies*1 hold an Environment Awareness Day event in Germany

Two Sanyo companies in Germany held a 48-hour Environment Awareness Day event for their employees in November 2007. The Munich office of an Italian Sanyo company was also invited to participate, resulting in a total participation of over 100 employees. The participants were able to deepen their awareness of the Sanyo Electric Group's environmental management policies and measures, as well as the ecological performance of its environmentally-conscious products. Each company shared information on its own unique environmental activities, and they confirmed areas where they can work together for the construction of an environmental management system (EMS) for Sanyo in Europe. In the future, these companies will improve internal training so that employees can convert their environmental knowledge into more eco-friendly daily activities. Many participants called for the continuation of this event, and investigation is being carried out for its expansion to include all Sanyo companies in Europe.

*1. SANYO FISHER Sales (Europe) GmbH, a sales company for LCD projectors, CCTVs, and TVs, and SANYO COMPONENT EUROPE GmbH, which sells rechargeable batteries and electronic components



Environment Awareness Day event

■ SANYO Europe Ltd. (U.K.) Turned off Neon sign in London's Piccadilly Circus

At 9 p.m. on June 2, 2007, Sanyo Europe, the regional headquarters in Europe, turned off the neon Sanyo sign in Piccadilly Circus for one hour. This was in support of the Lights Out London campaign promoted by a local radio station, with the goal of increasing the awareness of Londoners for the need to reduce CO₂ emissions. The company plans on actively participating in similar initiatives in the future, as a member of the Sanyo Group, which aims to become a leading provider of Environment- and Energy-related products.



Sanyo's neon sign

Independent Review Report

ASSURANCE STATEMENT



Introduction

Det Norske Veritas ('DNV') has been commissioned by the management of SANYO Electric Co., Ltd. ('the Company' or 'SANYO') to carry out an assurance engagement on the Company's Sustainability Report 2008 ('the Report') in its printed format.

SANYO is responsible for the collection, analysis, aggregation and presentation of information within the Report. Our responsibility in performing this work is to the management of SANYO only and in accordance with terms of reference agreed with the Company.

Scope of Assurance

The scope of work agreed upon with SANYO includes the following:

- Environmental, social, health & safety data, as collected at head office and presented in the Report;
- Sustainability activities undertaken in the year 2007, as presented in the Report;
- Visit to SANYO's head office in Osaka, Japan.

No other site visits or stakeholder engagement was conducted. SANYO's application of the Global Reporting Initiative's Sustainability Reporting Guidelines (version 3.0) was not included in the scope. Verification was carried out in June 2008.

Verification Methodology

Our assurance engagement was planned and carried out in accordance with the DNV Protocol for Verification of Sustainability Reporting. We also referred to the Environmental Reporting Guidelines (Ministry of the Environment, Japan, 2007) and Environmental Accounting Guidelines (Ministry of the Environment, Japan, 2005).

In that respect, the Report has been evaluated against the criteria of Accuracy and Reliability, as set out in DNV's Protocol. As part of the verification we have:

- Challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the data management system, information flow and controls;
- Examined and reviewed documents, data and other information made available to DNV by SANYO;
- Visited the head-office located in Moriguchi City, Osaka, Japan, and its Corporate Environment Center and CSR Department;
- Conducted interviews with eight representatives (including data owners and decision-makers from different divisions and functions) of the Company;
- Performed sample-based audits of the processes at head-office for generating, gathering and managing the quantitative and qualitative data included in the Report;

Accuracy

Based on our review, we do not have reason to believe that the information contained in the Report is not accurate.

Reliability

Based on our findings, we believe the reported information is supported by adequate internal controls and documentation to ensure its reliability.

DNV's Independence

DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

Conclusions

Based on our verification of the information reviewed and interviews conducted, we are not aware of any material modifications required to the information presented in SANYO's Sustainability Report 2008.

DNV expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement.

Signed:


Saeko Shimizu
Lead Verifier, DNV Industry Japan

Signed:


Luca Crisciotti
General Manager, DNV Industry Japan

Det Norske Veritas
2008-10-03

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It is necessary that about two-thirds of the carbon dioxide emitted in Japan be absorbed by domestic forests to attain the reduction target of the Kyoto Protocol to "reduce greenhouse effect gas emission by 6%." Proactive use of domestic timber contributes to forest cultivation where CO₂ is absorbed. The paper used for this booklet is made from domestic timber and thus contributes to expanding the carbon absorption capability of the domestic forest.



This booklet is printed using a waterless process that does not emit harmful waste liquid into the environment.



Environmentally-friendly ink that employs soy bean oil solvent is used.