Sanden's CSR Programs Essentially Put Its Corporate Philosophy into Practice. This Remains Unchanged Even under Its Holding Company Structure.

Sanden's corporate philosophy, which was adopted in 2003, systematically states our universal shared values and our basic stance. By putting this corporate philosophy into practice, the Sanden Group aims to attain sustainable growth and continue to be a company that is trusted by society. The basic approach of the Sanden Group's CSR remains unchanged even under its holding company structure.

Founding Spirit

"Let Us Develop with Wisdom and Prosper in Harmony"

"Let us develop with wisdom and prosper in harmony" means that we should use our intelligence in combining our development and pioneering abilities to win prosperity for us all.

Management Principles

- Satisfy our customers' needs with high-quality products
- Contribute to the social and cultural improvement of the community through business activity
- Build a company of which all are proud, through the efforts of self-motivated employees

These principles have served as fundamental employee action guidelines since Sanden's founding.

Management Policies

Leverage "global" and "quality" to realize an additional surge in corporate growth centered on core business providing environment-friendly products.

Founding Spirit Management Principles Corporate Philosophy Corporate Vision Management Policies Mid-Term Plan, Execution Plan STQM « STQM SANDEN WAY » The Organizational Structure of the Company Principles

Corporate Philosoph

The Sanden Group (G-SDC) observes relevant laws and international rules both in Japan and overseas as it behaves according to the following 10 basic principles.

Basic Principles Universal Values Shared by the Global Community

- Good Corporate Citizenship and Harmony with Society
 - We will grow as good corporate citizens, trusted by society and in harmony with the international community.
- (2) Respect for Human Rights

We will build a corporate culture founded on respect for all individuals and human rights.

- (3) The Environment
 - We will endeavor to preserve the environment in every aspect of our corporate activities to ensure that future generations will inherit our beautiful, irreplaceable earth.
- 4 Corporate Ethics

We will conduct our corporate activities in a spirit of sincerity and fairness based on a strong sense of ethics.

(5) Safety and Health

We will enable our employees to achieve a healthy life style by creating an environment that assures their health and safety.

Basic Stance toward Stakeholders

$(\ 6\)$ Customers

We will stand on the admired ability of engineering development and manufacturing, and can offer products, systems and services, based on the QUALITY FIRST, that provide constant satisfaction to our customers around the world.

7) Employee

We will grow together with our employees by creating an organizational culture that encourages free and vigorous communication imbued with a spirit of respect for humanity in line with our corporate culture of challenge and innovation.

(8) Shareholders and Investors

We will respond to the trust and expectations of our shareholders and investors by expanding the Sanden Group, enhancing our corporate value, and making our management more transparent.

(9) Communities

We will respect regional customs and cultures around the world and contribute to the social and cultural development of the communities, which we are related with.

10 Supplier

We will grow together with our suppliers as business partners who provide our customers with the best possible products, systems and services on the basis of fair and transparent relationships.

Approach to CSR and CSR Promotion Systems

The Sanden Group has established the management policies of Leverage "global" and "quality" to realize an additional surge in corporate growth centered on core business providing environment-friendly products. By undertaking corporate activities with emphasis on environmental protection, we are aiming to become excellent global companies by providing outstanding products, systems, and services to all our customers. Our Corporate Philosophy states the foundation of our corporate endeavors, and implementation of our Corporate Philosophy is the means by which we are proceeding to realize the Group's CSR programs.

In fiscal 2014, Sanden established its CSR Promotion Committee with the aim of helping to realize the consistent application of Sanden's Corporate Philosophy in practice. The new committee works to prioritize CSR objectives in focus, set related performance targets, and promote the implementation of related activities.

About This Report

Since 2005, the Sanden Group has annually published its "Sanden CSR Report," which is designed to offer information about Group operations and the relationships with stakeholders in those operations in an easy-to-understand format.

We have given priority to reporting the issues that stakeholders are believed to have a high level of interest in, centered on the Management Policies focusing ones "environment," "global," and "quality." The 2015 edition of this report includes special feature sections entitled "Working to Establish Priority Issues which is a progress report on these activities," "What are the Priority Environmental Issues," and "Aiming for Coexistence between Industry and the Environment through the Four 'Greens."

The printed version of this report offers concise information on the Sanden Group's fundamental approach to issues based on its Corporate Philosophy and Management Principles. The Group's website offers more-detailed data as well as information on the latest CSR activities.

More Detailed Report on CSR Activities

Web

http://www.sanden.co.jp/ english/environment/index.htm

The website offers information on the Group's fundamental approaches to issues based on its Corporate Philosophy and Management Principles together with a comprehensive report on activities and detailed data that supplement the Sanden Report.



Period of Time Covered by This Report

The report primarily focuses on the period from April 1, 2014 through March 31, 2015. However, efforts have been made to include as much information as possible on the latest activities and trends, even when they are subsequent to that time period.

Scope of This Report

The scope of data in the report includes the Sanden Group (Sanden Holdings Corporation as well as 68 consolidated subsidiaries and affiliates, although the scope of information in certain sections of the report may differ from this, as indicated.). Environmental burden (impact) and environmental accounting data are compiled from the Americas, Europe, Japan, and the rest of Asia. More detailed information on the scope of data is available on the Company's website: http://www.sanden.co.jp/english/

Guidelines Used in the Preparation of This Report

This report was prepared with reference to the Global Reporting Initiative (GRI)'s *Sustainability Reporting Guidelines, Third Edition (G3)* and the Japanese Ministry of the Environment's 2012 *Environmental Reporting Guidelines.*

Contents

- 1 Sanden's Corporate Philosophy
- 2 CSR Policies/Editorial Policy
- 3 Message from the President
- 5 Sanden Group Company Information
- 7 Special Feature

CSR Activities of Sanden Holdings and Priority Issues

Creating Corporate Value from "Environment" and Aiming for Sustainable Growth

9 Special Feature

Environmental Activities within CSR Promotion—1

What Are Sanden's Environmental Activities?

11 Special Feature

Environmental Activities withi

Aiming for Harmonious Coexistence of Industry and the Environment through the Four "Greens"

13 Environmental Report

- Examples of Sanden's Activities in Fiscal 2014 under Its "Green" Strategies
- 17 Stakeholders Reports
 - Relationships with Custon
 - Relationships with Shareholders
 and Investors
 - Relationships with Communi
 - Relationships with Suppliers
 - Relationships with Employee
 - Targets and Performance
- 24 Corporate Governance/ Compliance
- 25 Business Overview
- 26 Third-Party Opinion/Response

SANDEN CSR REPORT 2015