



Relationships with Customers



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



Relationships with 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.

One of the tenets of the Management Principles of the Sanden Group is "Satisfy our customers' needs with high quality products." We practice the spirit of putting customers first by continuing to offer them attractive products, systems, and services at all times.

To promote the long-term support of shareholders and investors, the Sanden Group considers it important to explain its current operations and provide other information to facilitate investment judgments.



R&D EXPO

Since 2008, Sanden holds R&D EXPO every year with the aims of "creative motivation of engineers facilitating exchanges beyond business units" and "creating new businesses based on thorough understanding of development themes." At the EXPO this time, we adopted the concept of "Sharing a Stance that We Are Creating the Future: Sanden's Future Creation," and over the two days of the EXPO, 840 persons attended.



STQM World Convention Held in Shanghai

With the aim of raising the level of our original, Companywide STQM activities, we constantly hold World STQM Convention in order to raise management quality as well as product quality to deliver excellence to our customers. We held the Eighth STQM World Convention in Shanghai in October 2014.

STQM activities are conducted by 1,200 circles, and the Grand Champion circle was chosen from among the finalists of 15 circles from 10 countries and regions around the world.



Increasing the Number of Outside Directors

To gain the trust and respond to the expectations of individual shareholders and corporate shareholders, including financial institutions and institutional investors, it is important for the Company to manage its assets soundly, work to safeguard and expand these assets, and continue to improve its management at all times.

At the first General Meeting of Shareholders held by Sanden Holdings Corporation in June 2015, the number of outside Directors was increased from one to two with the aim of strengthening Sanden's corporate governance. For shareholders, Sanden's basic stance is to continue to maintain stable dividends, after giving due regard to the status of its consolidated performance.



Expansion of Investor Relations Activities through "Interchange"

Sanden issues *Summary of Consolidated Financial Statements* in Japanese and English on a quarterly basis, and, in addition to its *Securities Report* (in Japanese), Sanden also publishes an *Annual Report* in English. In addition, after the close of the second and fourth quarters, Sanden holds presentations for investors and posts the related materials on the Company website in Japanese and English.

In addition, Sanden representatives, including the president of Sanden Holdings, visit financial institutions and institutional investors in North America and Europe, and the president gives his views on the management of Sanden and the outlook for performance. In addition, Sanden also holds about 120 meetings annually for small groups of investors.



Annual Report

Recognition from Outside Sanden

Sanden Receives "2014 Supplier Quality Excellence Award" from General Motors

For the second consecutive year, General Motors (GM) awarded its "2014 Supplier Quality Excellence Award" to Sanden. This is the highest award presented by GM to its suppliers at the plant level. Winners are determined based on GM's original criteria for quality, from among suppliers that have scored the full 100 points for their activities over the previous one-year period.



Received "Officier" Legion of Honor from the Republic of France

In March 2015, Sanden's Chairman Masuyoshi Ushikubo received the Legion of Honor Officier decoration. This award follows his receipt of the Chevalier decoration in 2000. The receipt of these decorations was in recognition of his efforts to strengthen relations between Japan and France. His contributions include furthering the construction of a plant in France in 1995, the establishment of an office of Sanden Environmental Solutions in 2014, and his work as chairman of the Gunma Japan-France Association since 2009. These awards testify to the high regard in France for his many contributions to cultural exchange between the two countries.



Sanden Forest/Akagi Plant Certified as a "Place for Firsthand Experience"

In August 2014, the Sanden Forest/Akagi Plant was certified to be a "Place for Firsthand Experience" related to environment education, based on the Environmental Education Basic Law. It was the seventh such site in Japan to be certified. The certification was given because of the high evaluation of the many opportunities for "environmental education." These include the range of programs for environmental education through contact with nature over the course of the year and guided tours of Sanden's vending machine and freezer/refrigerator showcase plant.

Inclusion in the MS-SRI Index



Sanden has been chosen for inclusion in Morningstar, Inc.'s socially responsible investment (SRI) index, known as "MS-SRI" (the Morningstar Socially Responsible Investment Index). The MS-SRI index includes the stocks of 150 domestic companies selected from about 4,000 stocks listed on exchanges in Japan that are judged to be outstanding in terms of corporate social responsibility. This index provides an investment vehicle for socially responsible investing.

Relationships with 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.

The Sanden Group is engaged in diverse activities designed to deepen its relationships with communities and thereby carry out its mission as an excellent corporate citizen. Based on our fundamental concept of emphasizing harmony between Sanden and society, we are moving forward with efforts to build strong ties with communities.

Mutual Interchange Meetings with Middle-School Students in Isesaki City

Beginning in 2013, Sanden International (U.S.A.) Inc. has arranged for mutual interchange meetings among local (United States) staff and middle-school students in Gunma Prefecture where Sanden was founded. In 2014, prior to visits of the students from the United States, to deepen mutual understanding, communication was established through training and live broadcasts.



Person in charge at SIA



CSR Education for Local Primary School Students

SandenVendo Europe S.p.A. in Italy is providing a CSR education program for local primary school students. This initiative is being conducted together with local primary schools with the aim of having the students learn about sustainable behavior. Activities are conducted each month and include lectures by SandenVendo Europe personnel.



Donations for Repairing Schools

Sanden (Thailand) Co., Ltd. sponsors a charity golf tournament with its suppliers, and, as part of its community support activities, donates the proceeds to schools in Ayutthaya in Thailand. The funds are being used for repairing schools where infrastructure has not been developed sufficiently and for renewing older school buildings.



Before repairs



After repairs

Supporting Children in Orphans' Homes through Charity Events

Sanden Manufacturing Poland Sp z o o, held a charity event for the benefit of children in welfare facilities. In addition to persons with relationships to the welfare facilities, suppliers of Sanden Manufacturing Poland, local companies, and people from the surrounding area were invited to the event, where pictures painted by children were sold. The proceeds will be used for financing a trip during the summer for the children.

Web Search
<http://www.sanden.co.jp/english/environment/activity.html>

Relationships with Suppliers



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.

Promoting the Sanden Group's sustained global development requires the reliable and efficient supply of competitive materials and components. To ensure that it can obtain such supplies, Sanden is striving to build close working partnerships with its suppliers based on mutual trust.

Implementing CSR Procurement

Sanden established its "Green Supply Guidelines" in 2010 and began to respond to environmental requirements over its entire supply chain. In addition, in CSR procurement also, beginning in March 2014, requests to suppliers have been included in basic contracts.

Requests to suppliers

- (1) Fulfilling social responsibilities in areas of the environment and human rights
- (2) Preparation of business continuity plans after natural disasters
- (3) Creating management systems (quality, environment, chemical substances)

Teamwork with Development Departments

In fiscal 2014, as a new activity, Sanden has held an event entitled "Strengths and Technologies We Take Pride In," with the aim of encouraging innovation in manufacturing by working with suppliers to further increase the level of manufacturing activities. At these events, participants share information on issues they confront, ranging from planning to development and production processes. With the objective of taking the initiative in developing competitive products, participants are asked to make proposals for improvement related to new products, new materials, new production methods, and from other perspectives.

In fiscal 2014, 159 proposals were made and cited as themes for improvement activities. From among these proposals, two companies that submitted proposals that were considered "outstanding examples" were asked to make presentations at the "G-CF Conference," which is held to express thanks to suppliers around the globe. Going forward, we will exchange technologies and set objectives for each of these themes.

Sponsorship of "G-CF Conference" as an Expression of Gratitude to Suppliers

The Sanden Group holds its "G-CF Conference" each year to express its gratitude to suppliers for their daily production and sales expansion activities.

The G-CF Conference held in February 2015 was attended by a total of 192 persons, including 72 of the total of 84 MPS Association members, 16 top suppliers from overseas, and 6 companies recommended by Sanden. In addition, 18 suppliers were presented awards for their contributions to the Sanden Group in fiscal 2014.



2015 Sanden G-CF Conference

Web Search
<http://www.sanden.co.jp/csr/disp.cgi?mode=detail&id=4&lang=en>



Relationships with Employees



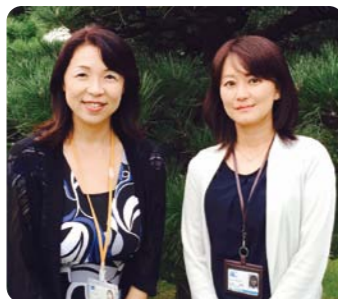
We will grow together with our employees by creating an organizational culture that encourages free and vigorous communication imbued with a spirit of respect for humanity in line with our corporate culture of challenge and innovation.

Sanden believes that providing the proper working environment that encourages employees to draw on their full capabilities will lead to corporate growth. That is another reason why Sanden makes every effort to ensure the physical and mental health of employees and strictly maintains labor safety and safety standards and is focusing on creating a work environment where a diversity of employees can go about their work with peace of mind.



Embracing Diversity

The Sanden Group's approach to diversity is "to recognize diversity and difference and draw on them." Diversity means differences among individual human beings, including differences in nationality, gender, age, religion, and physical capabilities. Sanden has thus far sought to draw on these differences and move ahead to frameworks and systems that will allow for the expression to the maximum of the abilities of a diverse range of human resources. For Sanden to continue to develop as an enterprise in the years to come, we believe that even greater initiatives in diversity-related activities must be implemented globally.



Persons in charge of diversity initiatives

Sanden's Japan headquarters, to perform a driving role in the development of Sanden's global development, must undergo major change. With this in mind, first in the promotion of diversity, we must take initiatives in promoting the activities of women.

To kick off these initiatives, in December 2014, we held the "Sanden Women's Forum" and issued the "Sanden Diversity Activity Proclamation," which is based on Sanden's founding spirit. In our proclamation, we set a specific numerical goal of appointing women to 12% of managerial leadership positions by 2020, with interim objectives of 4% in fiscal 2016, 5% in fiscal 2017, 7% in fiscal 2018, and 9% in fiscal 2019.

These numerical goals will undoubtedly be challenging to reach and extremely difficult to attain if we maintain the status quo. To realize these objectives, we must change the nature of the Company, and the management and employees will work together to change the mindset.

Sanden's Declaration

We will actively promote Diversity within the global Sanden Group of companies, consistent with our Founding Spirit ... "Let us develop with wisdom and prosper in harmony."

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

We will respect differences in gender, race, ethnicity, religion, age, physical abilities and other individual characteristics within our workplaces.

We will create a work environment which is inclusive and enables all employees to contribute their "Wisdom" so that Sanden will become a group of globally excellent companies.

We will work in "Harmony" in a positive and nurturing environment while embracing the rich dimensions of diversity and uniqueness contained within each individual.

As a first step, Sanden Japan will increase the number of women new recruits and strongly nurture all women within Sanden to realize 12% women in leadership roles by 2020.

4th December, 2014
Mitsuya Yamamoto
President, SANDEN CORPORATION

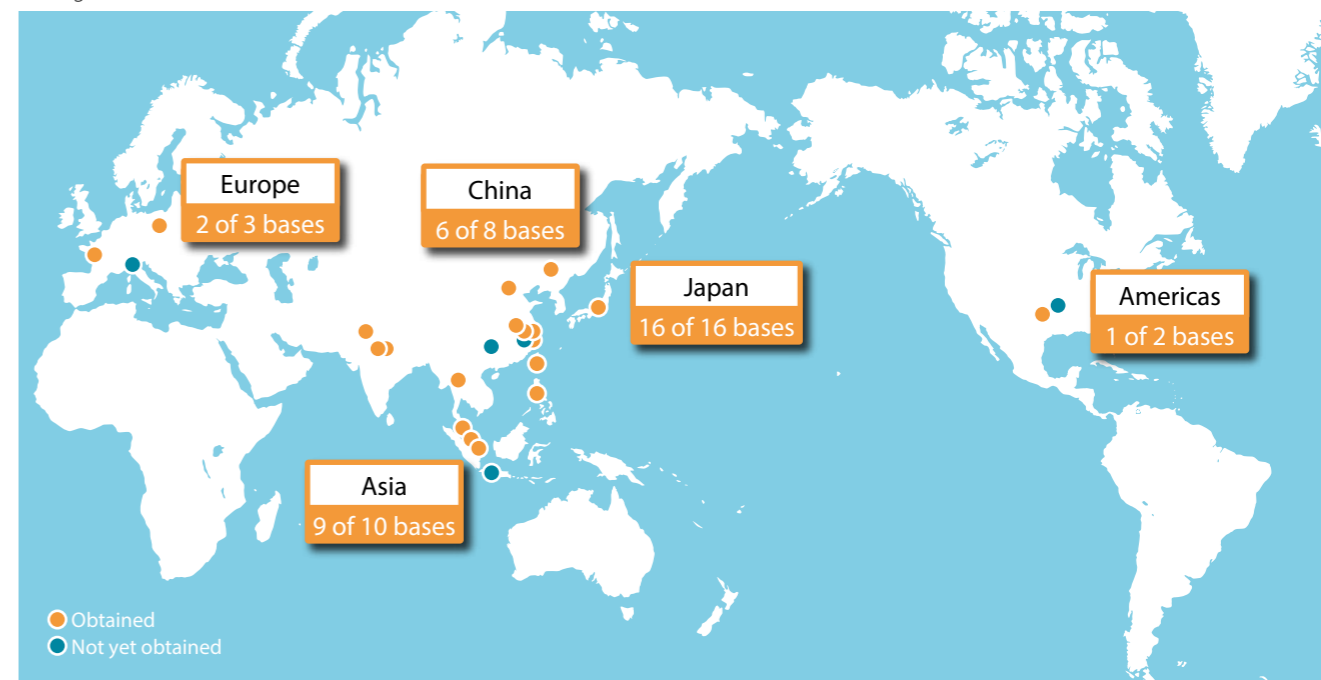
Sanden's Diversity Activities Proclamation



The three objectives that Sanden's headquarters in Japan has set for promoting the activities of women

- (1) Create a company where anyone can draw on their sensitivities and reach their goals without discrimination (create a workplace where women as well as men and non-Japanese personnel find it easy to work)
- (2) Increase the percentage of women in managerial leadership positions to 12% by 2020
- (3) Attain the external objective of transforming Sanden equities into "Nadeshiko stocks" (which satisfy the criteria of the Tokyo Stock Exchange and Japan's Ministry of Economy, Trade and Industry of being a company "where women can play starring roles")

Progress in the Global OHSAS Certifications



Initiatives to Meet OHSAS 18001 International Qualifications

To make dramatic improvements in Sanden's labor safety and health practices, beginning in January 2012, Sanden has been moving ahead with activities to obtain certification under the OHSAS 18001 standards. As of May 2015, all of Sanden's 16 locations in Japan and 18 of its 23 locations overseas had obtained certification. Business locations that have not yet been certified are implementing activities to obtain certifications.



Promotion of Proper Work/Life Balance

Under the CSR policies of Sanden Manufacturing Poland Sp. z o.o. (SMP), the support that women will be provided for childbirth and raising children is clearly indicated. SMP has also established working hours and compensation of women who bear additional children.



Persons in charge at SMP

A week for training and returning to work is provided for female employees prior to returning to their posts when they can have health examinations and training for returning to their positions. In addition, female employees who are four to six months into pregnancy are allowed to work six hours a day, and, after the sixth month, five hours, but continue to receive compensation for an eight-hour workday.



Continued Employment of Non-Japanese Personnel

For Sanden to accelerate the global development of its activities, it must emphasize hiring and training a diversity of human resources. As part of these initiatives, Sanden is continuing to hire non-Japanese personnel. In fiscal 2013, Sanden hired three non-Japanese employees, two in fiscal 2014, and one in fiscal 2015.

Number of Employees by Special Category (Numbers of employees)

	FY2011	FY2012	FY2013	FY2014
Total number of employees	2,435	2,427	2,414	2,658
Female employees	245	264	275	302
Executive officers	0	0	0	0
Department managers	2	2	2	1
Leaders and higher	5	6	6	10
Non-Japanese employees (newly graduated from universities)	2	6	3	2
Employees with disabilities	48	59	68	76






Notes:

1. Figures are as of March 31 of each year.
2. Figures are for the parent company alone.
3. Employees with severe disabilities are accounted for as corresponding to two employees with disabilities.
4. Includes the number of disabled persons employed in a specific-purpose company.

Web <http://www.sanden.co.jp/csr/disp.cgi?mode=detail&id=12&lang=en>



Targets and Performance

Category	Emphasized Activities	FY2014 Target	FY2014 Results	FY2015 Target
 Customers	Quality Management	(1) Thorough policy management consistently maintained globally in all units (2) Attain strategic business objectives (3) Build SQMS (Sanden Quality Management System)	Extended work quality improvement activities globally (1) Implemented global cross-divisional management policies and put them into practice to realize strategic objectives (2) Implemented continuing product quality and management quality policies (3) Held STQM world conference in Shanghai	(1) Strict implementation of cross-divisional management policies (2) Attain strategic business objectives (3) Build SQMS (Sanden Quality Management System)
	Service	Optimize value provision systems through workflow streamlining adjustments (1) Strengthen delivery services (2) Select issues from the check sheet (3) Reduce burden on the environment by eliminating waste (4) Increase logistics efficiency by working together with customers	(1) Expanded joint delivery, increased loading efficiency, reduced number of touch points (2) Expanded container round use (Reduce volume of empty runs) (3) Implemented receipt-type distribution; increased turnover ratio through more-efficient set-ups	Promote environmentally conscious distribution activities (1) Increase rate of eco-cars used (2) Reduce use of transport vessels (vehicles) through reorganization of factory procurement distribution (3) Expand container round use
 Employees	Human Resource Development	(1) Implement management knowledge/technologies classes for corporate officers and employees (2) Foster development of business managers through specialized courses focused on service technologies (3) Hold second sessions of the Management School to train next-generation managers	(1) Implemented training by job level for middle managers and middle-level union members (2) Began to hold a second period course at the Sanden Management School (3) Implemented overseas assignment and training to develop personnel with global capabilities	(1) Hold management skill improvement training for newly appointed managerial personnel (2) Further strengthen human resource development and capabilities by restructuring the training system (3) Begin to make cross assignments among global business locations to train personnel with global capabilities
	Diversity	(1) Arrange re-hiring opportunities for 100% of employees retiring during FY2014 (2) Promote female employees' participation in management training programs	(1) Secured 100% placement of retiring personnel (2) Made the Sanden Diversity Proclamation and began to hold a Sanden Women's Forum (3) Set objectives in Medium-Term Vision for appointing women to management positions (4) Disclosed management objectives by posting autonomous conduct plans on the Nippon Keidanren (Japan Business Federation)'s HP	(1) Revise assessment system with the aim of making greater use of re-employed personnel (2) Actively appoint women to management positions with the goal of 12% by 2020. In fiscal 2015, 15 women in such positions, or 2.0%
	Health and Safety	Build pleasant work environments through measures to promote stable and thorough OHSAS compliance (1) Implement daily management item checklist (2) Continue mental health education and have everyone practice self-care (3) Conduct thoroughgoing hygiene and health risk assessment	(1) OHSAS certification: Completed for all domestic business locations and 18 of 23 overseas locations (2) Developed safety assessment indicators by business location and standardized implementation of PDCA management cycle (3) Developed training course system for health and safety supervisory personnel and implemented training activities (4) Implemented training (primary level) for mental health supervisory personnel (5) Encouraged awareness of each and every employee through issuance of self-care health and safety booklet (6) Developed and applied health assessment indicators	Safety: Improve awareness and sensitivity to safety matters (1) Improve awareness through conducting a campaign to discover risks (2) Increase sensitivity to safety issues by installing a booth for experiencing dangers Health: Strengthen training for supervisory personnel and promote healthy behavior for each and every employee (1) Strengthen care activities in organizational groups through practical training for mental health supervisory personnel (2) Promote health consciousness and improvement through conducting a campaign to reduce metabolic syndrome
 Shareholders/ Investors	Communication	(1) Hold presentations on performance results (2) Arrange for plant tours (3) Expand number of analysts covering Sanden (4) Augment overseas IR activities (5) Undertake overseas IR activities led by top executives (Europe and the U.S.)	(1) Implemented earnings announcement meetings with top management participating (2) Conducted plant tours (Sanden Road) (3) Expanded coverage by securities analysts. 32 reports on Sanden were issued by analysts, an increase of 6 over the previous fiscal year. (4) Expanded IR materials for overseas audiences. Held meeting and teleconferences with 29 investors (5) Overseas IR activities of top management: 16 investors in the U.S. and 18 in Europe	(1) Implement earnings announcement meetings with top management participating (2) Conduct plant tours (3) Further expand analyst coverage (4) Improve IR programs for foreign investors (5) Expand opportunities for dialog between top management and shareholders/investors
 Communities	Local Contribution Activities	Promote social contributions in collaboration with local communities at all Group bases worldwide	Implemented social contribution activities at business locations globally (1) Support for orphanages (2) Support for groups assisting physically challenged persons (3) Business guidance for children and students (4) Participation in cleanup activities	Promote social contribution activities at all Group business locations worldwide in collaboration with local communities
 Suppliers	CSR Survey	(1) Identify global challenges based on check-sheet-based hearings (2) Strengthen collaboration with suppliers engaged in transactions worldwide (3) Strengthen competitiveness by considering cooperation with suppliers in developing new products	(1) Clarified necessary conditions in Materials & Parts Supply (MPS) business and implemented supervisory activities and attainment level assessments (2) Discussed management and MPS policies at G-CF conference and worked to facilitate technology interchange through the "Future Technology Exhibition" (3) Worked to identify themes and encourage development of new products through holding presentation meetings for suppliers to introduce the technologies they take pride in	(1) Strengthen supply chain competitiveness through promoting and expanding CSR procurement (2) Arrange visits by top management to major suppliers and identify issues (3) Strengthen teamwork with suppliers Sanden deals with globally and build ties of trust
	Communication			

Note: The "category" list shown above is presented on page 1 under Corporate Philosophy.