

Feature 1

Formulating Policies for the Sanden Group's Priority CSR Issues

Respect Human Beings

Care for the Environment

Contribute to Society through Technological Capabilities

To promote CSR activities on a companywide basis, beginning in fiscal 2014, the Group has moved forward with the preparation of policies for addressing priority CSR issues.

In this Feature 1, following on from the previous year, we report on the Sanden Group's progress toward formulating policies for priority CSR issues.



Progress in Formulating Policies for Priority CSR Issues

The Sanden Group has established the principle that "Sanden's CSR activities essentially put its Corporate Philosophy into practice." (See page 1) As interest in CSR among customers and our other stakeholders has risen overall in Japan and overseas, Sanden believes that it is necessary to create frameworks that can be implemented easily and formulate the content of specific action plans to further its CSR activities. Accordingly, in fiscal 2014, Sanden established its CSR Promotion Committee.

With this committee as the focal point, we have taken into account the issues raised by our customers in Japan and overseas as well as by research institutes, the content of ISO 26000, the principles of materiality of the GRI Guidelines, and other views. We have then selected the CSR activity items that the Group should address and linked these with the Group's Corporate Philosophy.

In fiscal 2015, we identified the departments that have relationships with the CSR items listed in the Group's Corporate Philosophy, including the environment, customers, employees, shareholders and investors, and business partners. Then, for each department, we took into consideration two major angles: namely "materiality for management" and "importance in the light of social requirements (expectations of stakeholders)."

A Company Is as Good as the People It Keeps

In the process of narrowing down the list of items with high materiality within the categories of the environment, customers, employees, shareholders and investors, and business partners, we gave consideration to a number of factors. First, we considered Sanden's founding spirit, which is expressed as "Let Us Develop with Wisdom and Prosper in Harmony." We next took into consideration Sanden's basic concept, "a company is as good as the people it keeps" (See page 21) because this concept flows strongly through the Sanden spirit even now. We then considered Sanden's corporate spirit today and its management policy "Creating Corporate Value from 'Environment.'" As a result of various considerations, we established two basic domains for material CSR items, "people" and "environment."

Then, after listening to the views of employees and third parties, in the people domain, we selected "promotion of diversity," "work/life balance initiatives," "human resource training," and "working to bring full infusion of and adherence to compliance" as the material themes. Going forward, we will set specific objectives for initiatives related to these themes and endeavor to raise the level of these CSR activities throughout the Group.

Creating Corporate Value from Environment

Turning next to the environment, which is the second CSR materiality domain, we selected as priority CSR issues: "Promote R&D for environmental technologies," "respond to the need to reduce environmental impact," "promote recycling of products," and "respond to climate change issues."

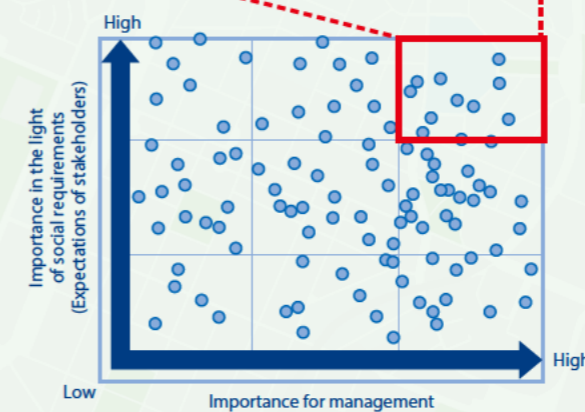
The Sanden Group, as a manufacturing concern, focuses on environmental R&D and social contribution as the wheels of a vehicle for its CSR activities.

The basic elements of environmental R&D are product development and excellence in manufacturing, and the aim of these activities is to provide our customers with better products. The Sanden Group positions CO₂ refrigerant and heat pumps as the core of its R&D activities. By further R&D in these areas, we are making steady and sure advances in the environmental performance of our products.

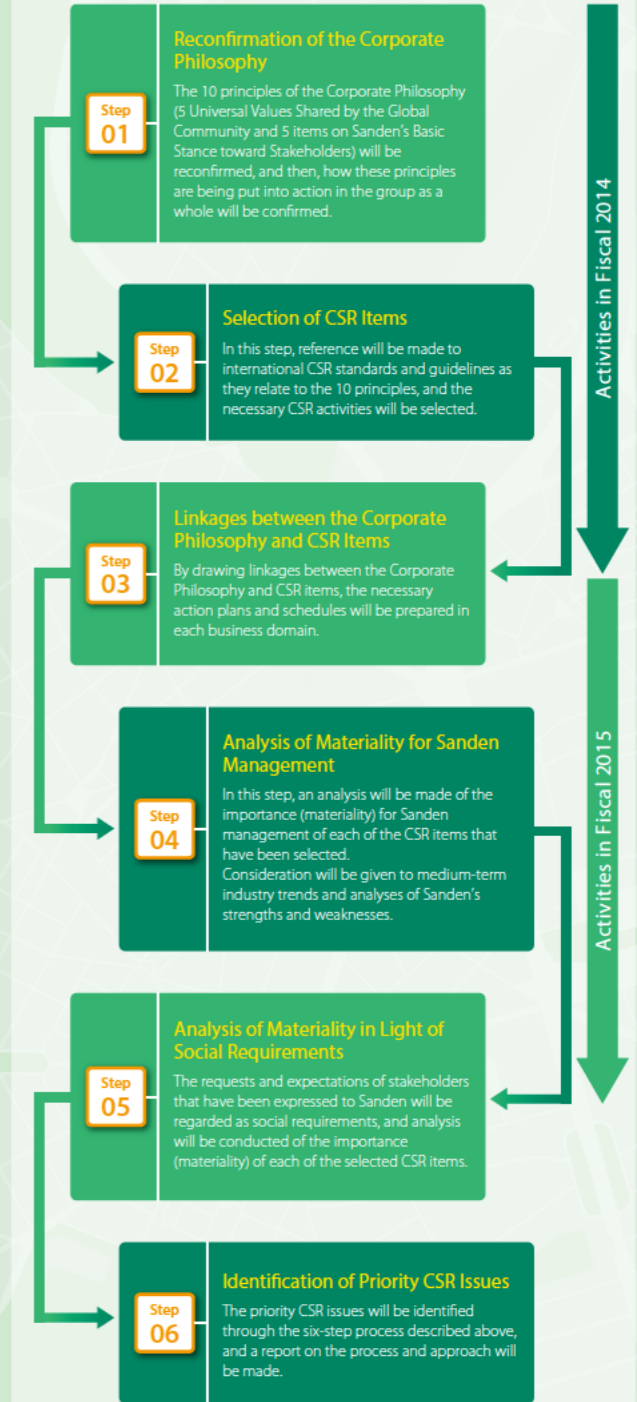
Looking ahead, in all of our businesses, through R&D that leads to products that are more compact, lighter in weight, and more efficient, we will contribute to the realization of the recycling, low-carbon society.

Evaluation Map of Material CSR Items

| Material CSR Domains | Environment | People |
|----------------------|---|--|
| Material CSR Issues | <ul style="list-style-type: none"> Promotion of environmental R&D Responding to lowering the burden on the environment Promotion of recycling Responding to climate change problems | <ul style="list-style-type: none"> Promotion of diversity Initiatives to achieve a good work/life balance Human resource training Full infusion of and adherence to compliance |



Steps toward Identification of Priority CSR Issues



Looking with Anticipation to Responses to Material CSR Issues



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Regarding the selection of material CSR issues in the Sanden Group in fiscal 2015, I was consulted to provide an external point of view, participate in discussions, and make proposals. Through many exchanges of views based on the results of an awareness and understanding survey among Sanden employees as regards the expectations of stakeholders, the business environment, and CSR reports, two areas for direction of CSR activities emerged. These are to proceed with innovative R&D in the environmental field and usage of personnel. Going forward, in line with the management strategy of the Sanden Group, responses will be made to material CSR issues based on the identification of issues at this time, and I hope Sanden will proceed in a more-integrated form.