

Relationships with Local Communities

Corporate Philosophy

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 local 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 local communities.

Sponsorship of U-11 Soccer Team

The First Sanden Cup tournament was held in January 2016 in the Sanden Football Park in Isesaki City, Gunma Prefecture. The objective of sponsoring this cup is to promote sports among the children in the region and promote the vitalization of the regional community. A total of 10 teams (U-11) of primary school students in the prefecture participated in this event.



Sanden Cup Tournament

Participation in Charity Marathon

In September 2015, employees of Sanden Manufacturing Europe S.A.S. (France) and Sanden Environmental Solutions Branch, Sanden International (Europe) Ltd. participated in a charity marathon to raise funds for the fight against cancer. Employees of these Sanden Group companies have participated in this event since 2012. The €500 raised from local employees were donated to the cancer association.



Employees who participated in the marathon

CSR Training for Local Primary School Students

SandenVendo Europe S.p.A. (Italy) conducted a Green Children Project to educate local primary school students about CSR in November 2015 and donated an Interactive Multimedia Whiteboard to the school.



CSR education for local primary school students

Support for Work Career Planning

As part of its program to train human resources from other countries, Sanden (Thailand) Co., Ltd. hosted 75 students and professors from Japanese universities in August 2015. The training program included lectures and plant tours aimed at teaching the participants about international business and career development.



Students participating in a plant tour

Continuation of Cleanup Activities

In October 2015, Sanden International Taiwan Corporation (Taiwan) conducts cleanup activities each year in Taichung, Taiwan, with the aim of environmental improvement.



Ongoing cleanup activities

Activities of Sanden Environment Foundation Japan

Twenty-six employees of the Sanden Group, principally technical personnel, worked together for one year beginning in April 2015 for the sixth year with university students on three projects aimed at providing proposals for local governments and assisting in recovery in the regions that are recovering from the Great East Japan Earthquake. These initiatives were entitled "Environmental Network Campus," which is nicknamed E-Can*.

*Sanden Environment Foundation is conducting these E-Can activities linked to human resource training.



Workshop for vegetable dyeing



Workshop for solar cooking

Relationships with Suppliers

Corporate Philosophy

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 mutual trust with its suppliers as business partners.

Giving Thanks to Business Partners

Sanden holds its G-CF Meeting* each year with the aim of giving thanks to suppliers engaging in production activities and working to expand sales of the Group's products. During the meeting, Sanden explains its management policies and works to have participants understand Sanden's business activities and build strong ties of trust.

At the time of the February 2016 G-CF Meeting, 92 companies participated, and Sanden presented those business partners who have made exceptional contributions to the Sanden Group in 2015 with certificates of thanks.

*Stands for Global Create Future Meeting



G-CF Meeting participants

Meeting to Propose "Our Strengths and Technologies We Are Proud Of"



Encouraging interaction among Sanden and business partner development personnel

Beginning in March 2013, Sanden has held meetings to enable its suppliers to explain their strengths and their technologies that are a source of pride for them to Sanden engineers. By drawing on these in new product development and incorporating them

Optimizing MPS* and Structuring Systems through Internal Controls

In all aspects of Sanden's internal MPS functions, to ensure that the organization properly reaches its goals of effectiveness, efficiency, and appropriate operation, Sanden is continuously reviewing its business processes.

To further the development of MPS activities, Sanden checks the operating level of 57 items that have been compiled through the examination of necessary conditions from all perspectives and conducts improvement activities. Beginning in fiscal 2015, 26 items have been selected for strengthening (including general management and planning, strategy, process supervision, management of business partners (suppliers), change management, and risk management) and raising to a higher level of effectiveness.

*Materials & Parts Supply

Support for Energizing Small Group Activities

Sanden has held semiannual meetings for Reports on Results of Small-Group Activities since 1993, and the 46th meeting (marking 23 years of these activities) was held in April 2016. The number of circles of business partners participating in these initiatives rose to 69, the highest to date, and each year progress has been seen in the level of these activities.

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

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

Relationships with Employees

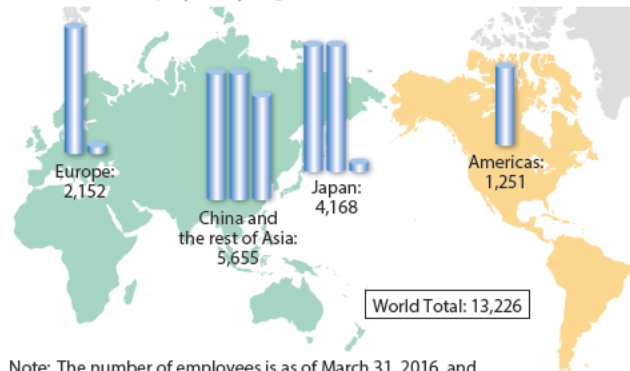
Sanden believes that providing the proper working environment that encourages employees to draw on their full capabilities will lead to corporate growth. That is another reason why Sanden makes every effort to ensure the physical and mental health of employees and strictly maintains labor safety and safety standards and is focusing on creating a work environment that considers work-life balance.

The Principle that a Company Is as Good as the People It Keeps



Teamwork among employees and within the organization is the basis of a company's prosperity. Under this basic concept that lives on in the founding spirit of the Company, the Sanden Group aims to be a company where diverse and highly motivated employees can conduct business activities globally.

■ Number of Employees by Region



Note: The number of employees is as of March 31, 2016, and includes personnel of subsidiaries and affiliated companies as well as non-regular employees.

Logistics Department "Woman of the Year" Selected

In June 2016, at the 5th Forum of Woman in Logistics, which was held in Warsaw, Poland, Joanna Patera, manager of the logistics department of Sanden Manufacturing Poland Sp. zo.o. (SMP) (Poland), was selected as the Woman of the Year 2015 in Logistics. This award has been presented annually since 2011 and gives recognition to female employees with distinguished excellence in the sales promotion and logistics fields.



Joanna Patera
Logistics Manager at SMP

Corporate Philosophy

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.

Promotion of Diversity

Following the transition to a holding company structure of corporate organization in April 2015, in December 2015, Sanden held its Women's Forum 2015, and the president of Sanden Holdings announced the Sanden Diversity Activities Declaration. About 230 female employees were present in the meeting hall for the event, and other employees in remote locations participated via tablet computer.

Accompanying the implementation of The Act on Promotion of Women's Participation and Advancement in the Workplace in April 2016, the Sanden Group submitted the objectives it has already announced as a general business proprietor action plan. Then, in June 2016, Sanden appointed its first female corporate officer, and, with the aim of attaining the previously announced goal of raising the percentage of female employees in managerial positions to 12% of the workforce by 2020, the Sanden Group as a whole is undertaking initiatives to expand the number of female employees and provide support for career development of female employees, mainly in Japan.

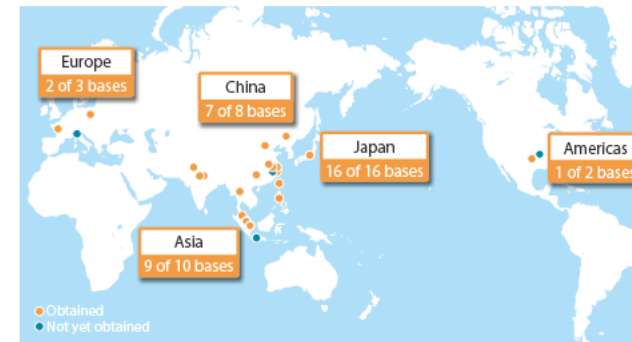
Sanden's Diversity Activities Proclamation

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) Work hard to 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

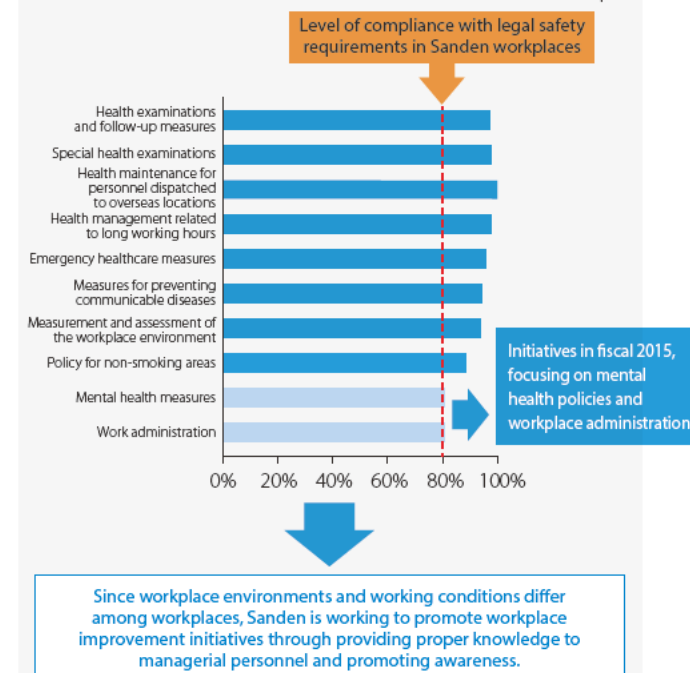
To make drastic improvements in Sanden's labor safety and health practices, beginning in January 2012, Sanden has been moving ahead with activities to obtain certification under the OHSAS 18001 standards. As of May 2016, all of Sanden's 16 locations in Japan and 19 of its 23 locations overseas had obtained certification. Business locations that have not yet been certified are implementing activities to obtain certifications.



Promotion of a Good Work-Life Balance (Activities to Maintain Hygiene and Health)

In fiscal 2015, activities to achieve a good work-life balance were conducted under the safety and health policy of "creating a safe and secure workplace through the behavior of each and every employee." With the aim of improving health maintenance, Sanden is continuing to implement health-related activities using checklists.

Status of the Workplace Environment



In fiscal 2015, in view of the status of conditions in the previous fiscal year, Sanden is taking initiatives for promoting spiritual healthiness and is placing priority on providing education and training related to mental health. Beginning in fiscal 2012, basic education courses were conducted, and, in fiscal 2015, initiatives were taken to strengthen line care through providing training sessions led by industrial psychologists for 274 departmental managers, section managers, and other managerial-level personnel.

Participants in these training programs expressed the view that they were able to learn more about handling cases where employees go on leave or return from leave as well as the need for maintaining close teamwork with related persons, including administrative personnel in charge and public healthcare personnel.



■ Personnel Data (Numbers of employees)

	FY2012	FY2013	FY2014	FY2015	
Total number of employees	3,101	2,997	2,975	3,004	
Women	Employees	371	341	369	366
	Department managers	2	2	1	1
	Leaders and higher	6	6	10	12
Newly graduated non-Japanese personnel	6	3	2	4	
Employees with disabilities	59	68	76	80	

- Notes:
1. Figures are as of March 31 of each year.
 2. These figures are for Sanden Holdings and its seven business companies.
 3. Employees with severe disabilities are accounted for as corresponding to two employees with disabilities.
 4. Includes the number of disabled persons employed in specific-purpose companies.



Targets and Performance

Category	Emphasized Activities	FY2015 Target	FY2015 Results	FY2016 Target
Customers	Quality Management	<ol style="list-style-type: none"> (1) Strict implementation of cross-divisional management policies (2) Attain strategic business objectives (3) Build SQMS (Sanden Quality Management System) 	<p>Strengthened capabilities for global work quality and global product quality by strengthening cross-divisional activities</p> <ol style="list-style-type: none"> (1) Implemented global policy management on a cross-divisional basis (2) Accelerated sales growth from a quality perspective with a focus on environmental technology 	<p>Contribute to customers through further strengthening and emphasizing Sanden Total Quality Management (STQM)</p> <ol style="list-style-type: none"> (1) To provide a driving force for quality management, strengthen the cross-divisional functions of the headquarters (2) Improve design quality to improve underlying quality (3) Expand human resource training to raise product quality
	Service	<p>Promote environmentally conscious distribution activities</p> <ol style="list-style-type: none"> (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 	<p>Promoted logistics activities with due regard for the earth's environment</p> <ol style="list-style-type: none"> (1) Recommended use of ECO vehicles (2) Reduced number of deliveries through joint collection and delivery (3) Implemented more intensive (round) use of containers through collaboration with other companies (4) Shortened L/T transport through development of new ocean transport routes (5) Continued to expand scope of modal shift 	<p>Promote logistics activities with an awareness of the natural environment</p> <ol style="list-style-type: none"> (1) Continue to expand the scope of collaborative delivery and logistics transactions (2) Implement more intensive (round) container use through collaboration with other companies (3) Raise the load ratio of oceangoing container transport (4) Develop new transportation routes (5) Continue to develop the modal shift
Employees	Human Resource Development	<ol style="list-style-type: none"> (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 	<ol style="list-style-type: none"> (1) Implemented training for newly appointed managerial and leader class personnel to raise the level of administrative capabilities (2) Restructured education curricula by job classes (3) Implemented mutual human resource interchange between overseas subsidiaries and operating companies with the aim of nurturing human resources that can function effectively on a global basis 	<ol style="list-style-type: none"> (1) Implement correspondence courses aimed at improving the management capabilities of managerial personnel and attain 100% attendance (2) Undertake new training by job level focused on leadership education (3) Prepare the foundation for accelerating the development of personnel who can function effectively as global leaders
	Diversity	<ol style="list-style-type: none"> (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% 	<ol style="list-style-type: none"> (1) Introduced re-employment assessment system ("challenge sheet") (2) Secured re-employment positions for 100% of applicants (resulting in actual re-employment of 56 persons) (3) Held Women's Forum for fiscal 2015 (4) Implemented group discussions for women (5) Appointed 13 women (1.6%) to take charge of leadership roles in fiscal 2015 	<ol style="list-style-type: none"> (1) Attain a 100% re-employment ratio (2) Develop five more external re-employment sites (3) Conduct training for raising awareness aimed at male managerial-level personnel (4) Implement training for female leader candidates
	Health and Safety/ Work-life Balance	<p>Safety: Improve awareness and sensitivity to safety matters</p> <ol style="list-style-type: none"> (1) Improve awareness through conducting a campaign to discover risks (2) Increase sensitivity to safety issues by installing a booth for experiencing dangers <p>Health: Strengthen training for supervisory personnel and promote healthy behavior for each and every employee</p> <ol style="list-style-type: none"> (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 	<p>Safety:</p> <ol style="list-style-type: none"> (1) Risk discovery campaign: Participation of 2,648 employees and discovery of 5,103 instances of risk (2) Crisis experience booths: Established safety practice simulation space for experiencing crises firsthand at the Yokajima Office and Akagi Plant <p>Health:</p> <ol style="list-style-type: none"> (1) Implemented mental health education for supervisory personnel. Specialized education: Industrial psychiatrists provided lectures for 274 employees (82.5% of the total). Basic education: Public health nurses provided education for 100 employees (87%). (2) 260 persons participated in weekly weight challenge events, and 55% succeeded in reducing their weight by one kilogram. 	<p>Accelerate improvement in workplaces through providing proper knowledge and encouraging proper behavior</p> <p>Safety:</p> <ol style="list-style-type: none"> (1) Insist on compliance with basic rules. Establish and require compliance with the five rules of safety (2) Nurture managerial personnel who will protect the workplace: Safety, improved leadership education, mutual safety checking functions (3) Speed up improvement in the workplace environment <p>Risk management improvement campaign. Risk management improvement presentation meetings</p> <p>Health:</p> <ol style="list-style-type: none"> (1) Self-care (2) Self-care through the introduction of stress checks (3) Boost improvement in the workplace environment <ul style="list-style-type: none"> • Use stress check group analysis to improve the workplace environment • Encourage collaboration between supervisors and industrial doctors
Shareholders/ Investors	Communication	<ol style="list-style-type: none"> (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 	<p>Restructured IR activities of top management under the new corporate structure</p> <ol style="list-style-type: none"> (1) Earnings presentations held by top management (2 times) (2) Implemented plant tours at the time of the annual general meeting (3) Analyst coverage: Two additional companies are scheduled to cover the Company. 	<ol style="list-style-type: none"> (1) Build and expand dialogue between the top management under the holding company on the one hand and shareholders and investors on the other (2) Expand the content of and opportunities for corporate disclosure (3) Hold presentations on corporate performance (following the announcement of results) conducted by top management (4) Hold plant tours
Local Communities	Local Contribution Activities	<p>Promote social contribution activities at all Group business locations worldwide in collaboration with local communities</p>	<p>Implemented social contribution activities at global business locations</p> <ol style="list-style-type: none"> (1) Soccer U-11* sponsorship (Held First Sanden Cup tournament in Japan) <ul style="list-style-type: none"> * Under 11 years of age (2) Participated in marathon event aimed at communicating and sharing the preciousness of life (France) (3) Implemented CSR education for local primary school students (Italy) (4) Support for working career development (Thailand) (5) Cleanup activities in locations around the globe (For details, see page 19) 	<p>Further social contribution through collaboration between Sanden's global network of business locations and the regions they serve</p> <ol style="list-style-type: none"> (1) Educational support (2) Support for disaster recovery (3) Support for social welfare (4) Environmental preservation (5) Promotion of sports activities
Suppliers	CSR Survey	<ol style="list-style-type: none"> (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 	<ol style="list-style-type: none"> (1) Implemented global research activities related to conflict minerals (2) Established medium-term objectives for business partners at informal gatherings (3) Holding of G-CF meetings: with attendance of 72 companies in Japan and 20 companies overseas (4) Held business exchange for overseas MPS managers with MPS meetings 	<ol style="list-style-type: none"> (1) Accelerate responses related to conflict materials and customers through enhancement of internal information channels (2) Make visits to 50 MPS business partners: Encourage them to make new proposals (3) Improve communication with the top management of 84 business partners through participation in the regular MPS meetings (4) Strengthen communication with leading business partners through holding the G-CF meetings
	Communication	<ol style="list-style-type: none"> (3) Strengthen teamwork with suppliers Sanden deals with globally and build ties of trust 		

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