

Third-Party Opinion Regarding Sanden's 2016 CSR Report

Ms. Yamaguchi began her career in a research institute and then founded FEM in 2003. FEM engages in research, assessments, and providing training related to the environment, CSR, biodiversity, and international certifications. In addition, at the Control Union, which is an international organization for certifications, FEM undertakes a wide range of certification activities, focusing on international standards for sustainability that gives proper regard to the environment and society. Ms. Yamaguchi is also a member of the Ethical Consumption research committee under Japan's Consumer Affairs Agency and serves as director and in other positions in many organizations.



Manami Yamaguchi, environmental specialist and representative director of FEM Co., Ltd.

"Sanden's CSR programs essentially put its Corporate Philosophy into practice." In April 2015, the Sanden Group made the transition to a holding company structure, and it is apparent in many parts of the report that Sanden is moving beyond activities it has built up thus far and is both "evolving" and actively taking up new challenges with a focus on restructuring its compliance systems.

First, I think we can say that Sanden's approach of linking the items in its Corporate Philosophy to its CSR activities based on the two concepts of "materiality for management" and "importance in the light of requests from society" which help to provide a roadmap for implementation is clear evidence that Sanden's CSR activities are continuing to evolve. Sanden's objective might be stated as "Having respect for people and concern for the environment and contributing to society through its technological capabilities." This objective can only be achieved when many people provide their knowledge, including technology development capabilities, and their efforts, and teamwork exists based on an understanding of the status of conditions in countries around the world.

The Sanden CSR Report 2016 introduces a range of the products that Sanden has developed, including heat pumps, air-conditioning systems, and compressors, and introduces many examples of how the strengths of the Sanden Group, namely environment technologies, have been applied in contributing to reducing the burden on the natural environment and creating the recycling society. In addition, the report explains initiatives related to Sanden's four "Greens" and its many years of initiatives related to the Sanden Forest Akagiyama Plant and how these activities have contributed to thoroughgoing environmental education. The report also relates how Sanden's business locations around the world have engaged in and developed their "Environmental Originality" activities and other initiatives that are directly related to people's lives and regional communities, including the development of automatic vending machines that can respond to needs following natural disasters. My overall view is that Sanden's goals and its attainment of these are magnificently high. On the other hand, Sanden's strengthening of its initiatives to reduce CO₂ emissions and waste emissions in China and the rest of Asia are points for consideration throughout the rest of the world also. I am looking forward to the further strengthening of these activities, which draw on technology and knowledge Sanden has accumulated, and how these activities drive

similar initiatives in the industry.

From a social perspective, the report enables me to see how Sanden is implementing its STQM activities, and is involving itself both in societies in Japan and other countries and regions in many ways. For example, the report provides a glimpse of how Sanden is providing support for student education, supporting work career development, working toward improvements in proper procurement activities, and building good relationships with its business partners. The report enables me to learn about Sanden's development and holding of the Women's Forum, which features provisions for participants in remote locations to join in the event; its Sanden Diversity Activities Declaration; Sanden's activities to attain its ultimate goal, which is "to create a company without any prejudice where everyone can draw on their innate sensibilities and shine"; and Sanden's efforts to create a workplace environment where conditions go so far as to provide necessary support so that employees can maintain a healthy mental state as they contribute through their work activities. Perhaps, going forward, when reporting on goals and specific initiatives to attain results, Sanden could also indicate clearly how much is being accomplished, and this would provide even greater motivation.

Japan is dependent on the rest of the world for many raw materials. Sanden is working actively to comply with conflict minerals requirements. However, I believe that identifying environmental and social issues not only from raw materials but also throughout the supply chain more proactively might lead to the discovery of sustainable development goals (SDGs). There are many approaches to solving environmental and social problems. As the message in the report from top management indicates, a strategy involving "technological development" and "social contribution" and simultaneously strengthening corporate governance appropriate for a global corporation, which will imply maintaining fairness, transparency, efficiency, and other qualities, is essential for sustainable growth. Sanden's founding spirit of "Let Us Develop with Wisdom and Prosper in Harmony" is in keeping with the universal values that resonate and are shared within international society. Adherence to this spirit will resonate with all stakeholders. I am looking forward to seeing how the Sanden Group, through its environmental technology that supports people's everyday lives and industrial activities, will continue its initiatives based on its original sense of values and achieve further development.

Comment on the Third-Party Opinion Regarding Sanden's 2016 CSR Report

This time, we have received valuable hints regarding the Sanden Group's CSR activities from Ms. Manami Yamaguchi, representative director of FEM Co., Ltd. She has given the report a high evaluation, especially for its coverage of environmental activities, and we would like to thank her for her comments. Our understanding is that it will be important for us to proceed to substantially further improve our environmental technologies, which are one of the Sanden Group's strengths, and move forward steadily to implement CSR activities that are most appropriate for the Sanden Group, focusing on the priority issues identified in 2016.

In addition, since the requests that society places on corporations are becoming more diverse, to respond to these changes around us, we should continue to identify priority issues as we listen sincerely to the views of our stakeholders. To continue to be a company that is trusted by society, we will work to deepen the understanding of each and every employee regarding our CSR activities and promote these activities on the global level.



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