

Sanden and the Environment

Fundamental approach to the environment

The Sanden Group considers preservation of the global environment to be the most important shared responsibility of people everywhere and we have accordingly defined the preservation of the environment as a core component for corporate growth. As an industrial company grounded in technological development (product development and manufacturing) and as a corporate citizen focused on contributing to society through our business activities, the Sanden Group remains committed to global development that takes into account the environment in all our business activities.

WEB Environmental Activities
<http://www.sanden.co.jp/csr/disp.cgi?mode=page&id=3&lang=en>

Green Management

The Sanden Group follows a management policy based on leveraging "global capabilities" and "quality capabilities" to realize an additional surge in corporate growth centered on core businesses providing environmentally-friendly products. With the aim of realizing this goal, the company is promoting environmental management on a group-wide basis. We implemented environmental management based on ISO 14001, focusing in particular on our manufacturing bases, while fostering in our employees a mindset centered on the environment and encouraging collaboration with local communities as part of our goal of being a good corporate citizen.

In line with the transition to the fiscal 2015 version of ISO 14001, we are working to shift our environmental activities to achieve the targets in fiscal 2020, the last year in the Fourth Mid-Term Basic Policy on the Environment, which will be linked to the new Corporate Mid-Term Plan.

In this plan we aim to broaden the scope of activities from environmental conservation activities conducted by ourselves to a system that also includes members of the supply chain. The plan also targets a reduced environmental impact, comprehensive management of products containing chemical substances, and product and technological development aimed at resolving social issues as outlined in the SDGs. Through participation in environment conferences, development is taking place on a groupwide basis, including at overseas locations.

With the goal of improving the quality of our environmental activities, we have conducted assessments of environmental activity levels at our global locations since fiscal 2010. One area of focus is China, where environmental issues are becoming more serious and environmental regulations are being tightened to improve the situation. Amid such an environment, Sanden held the Second China Region Environmental Conference, with a focus in particular on contributing to the resolution of environmental issues, reducing environmental risk, and improving conditions in the area by sharing the results of environmental activities at our locations in the country.

In terms of instilling a mindset focused on the environment in our employees, Sanden announced in fiscal 2009 a policy of encouraging domestic personnel to take examinations in the Certification Test for Environmental Specialists (Eco test). Through eco seminars given by external lecturers and study sessions held in-house, 114 people qualified as Eco People in fiscal 2017, resulting in a cumulative total of 2,395 Eco People now developing environmentally conscious activities in daily operations.

The Sanden Forest/Akagi Plant was constructed using "close-to-nature" methods and Sanden personnel continue to regularly monitor the number of animals and plants living in the area. Other environmental conservation measures include educational efforts making use of the area's abundant natural fields. The facility was included as an outstanding example of sustainable development in the Ministry of the Environment's Guidelines for Private Sector Engagement in Biodiversity, and was singled out as a case study for environmental impact assessments. In line with our leadership position, we will continue to provide information on Sanden Forest environmental activities.

Green Technology

The Sanden Group has been accurately ascertaining the environment-oriented needs of people and customers to proceed with innovative technology development and product development that produces "new products that contribute to the environment" that combine the Group's core technologies for "cooling and heating" with "energy-saving technologies."

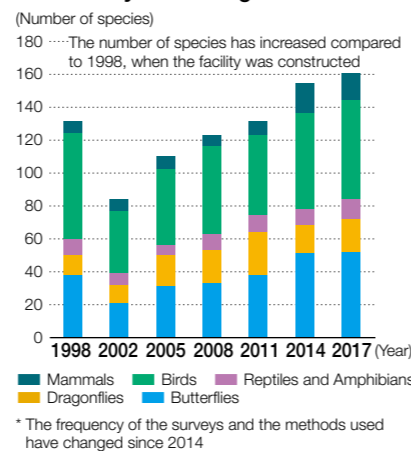


China Region Environmental conferences, with the participation of all nine Chinese bases

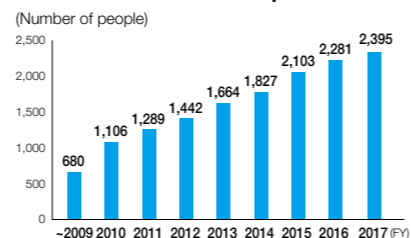


The Sanden Forest / Akagi Plant, which has received positive recognition for its biodiversity-related activities

Biodiversity monitoring data



Sanden's Eco-Aware People



In Automotive Systems Business, we are developing technologies aimed at making products smaller, lighter, and more energy efficient. The business launched mass production of the world's first CO₂ variable compressor for car air-conditioning, which is using low GWP refrigerant. We have also been launching mass production of high-efficiency heat pump systems for electric vehicles that provide a better balance of heating and cooling functions.

In Commercial Store Systems Business, we have been expanding our lineup of natural refrigerant vending machines and freezing and refrigerating showcases, while also developing preparation and freshness maintenance technologies for fresh milk to accommodate diversifying tastes in line with the introduction of the new CRYSTA II coffee dispenser. We are also offering cold chain system products to reduce food loss in overseas distribution operations. The Sanden Group established internal product environment indicators to measure the environmental contribution of its products. The achievement rate in fiscal 2017 was 95%.

Green Process

In line with the Third Mid-Term Basic Policy on the Environment, for which fiscal 2017 was the final year, we worked on reducing the amount of energy used, the amount of waste generated, and the amount of water used in the manufacturing process. As part of our effort to reduce the amount of energy used, we shifted production methods, improved productivity, reviewed overall energy use, and installed equipment that use of a different fuel makes more efficient. Measures to reduce waste emissions included educational efforts at overseas facilities and sourcing strategies using Material Flow Cost Accounting (MFCA).

In Commercial Store Systems Business, we constructed a flexible production line that can produce small quantities of a large number of products, largely in line with our goals of minimizing time spent on product assembly and more quickly responding to customer, post-process, and market needs.

We continue to implement MFCA in order to reduce the amount of waste. The company expanding its efforts in iron-based materials to the supply chain resulted in an improvement in transportation costs during processing within the supply chain.

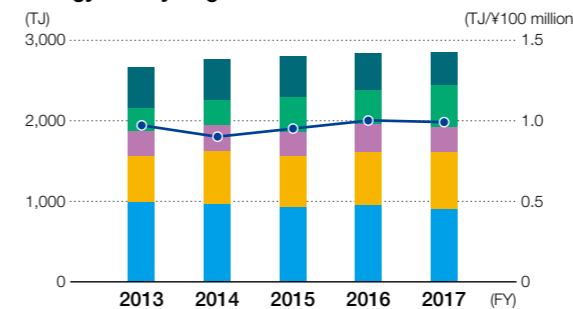


Drip-type coffee dispenser using fresh milk (CRYSTA II)

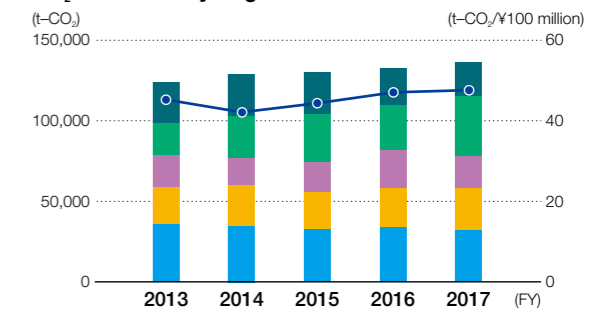


Implementing MFCA at regional suppliers

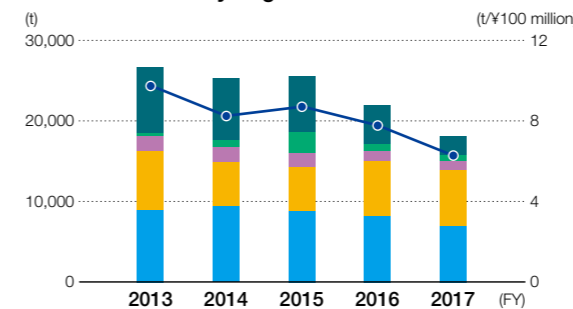
Energy Use by Region



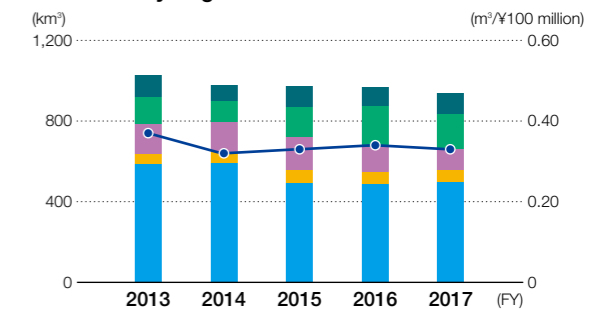
CO₂ Emissions by Region



Waste Emissions by Region



Water Use by Region



Moreover, we have continued our efforts to reduce the amount of waste, including sludge, and reduce soluble cutting oil, which can worsen the workplace environment. We also continued from fiscal 2017 our advancement of "energy creation" *, in which energy is captured from the waste heat emanating from our factories.

Sanden (Shanghai) Automotive Air-Conditioning Co., Ltd (China) has received favorable reviews for its continuous efforts to conserve energy, its environmental activities, and its energy saving efforts in air conditioners. The company received an award at a conference to promote environmental conservation, including through energy conservation, in the Jinjiao Economic and Technological Development Zone. The conference was attended by about 200 companies and focused on environmental conservation and energy saving activities.

However, energy use in fiscal 2017 increased 1% year-on-year and the basic sales unit dropped 1% year-on-year (up 3% compared to fiscal 2013) due to reduced domestic sales and instability in capacity utilization due to domestic and overseas restructuring. On the other hand, ongoing MFCA activity and waste separation resulted in waste emissions dropping 35% year-on-year, with the basic sales unit dropping a firm 32% year-on-year (down 19% compared to fiscal 2013).

The Fourth Mid-Term Basic Policy on the Environment designates reducing environmental impacts and reducing environmental risks as the focus of basic environmental activities and targets further activities in line with the company's growth strategies.

Green Communication

In line with the "Sanden Group Guidelines for Biodiversity" formulated in 2014 and the Environmental Charter formulated in 1993, Sanden employees in their capacity as corporate citizens are actively participating in local environmental activities. Fiscal 2017 marked the 15th year we have been working on greening activities at the Sanden Forest/Akagi Plant site, which went into full-scale operations in 2002. The company has also won praise for its environmental education activities in the Sanden Forest as well as its efforts to preserve the ecosystem, winning the Ministry of Land, Infrastructure, Transport and Tourism's 37th Green Urban Award and the 5th Green Social Contribution Award.

With an eye toward ESG investment, the company also participated in the Ministry of the Environment's activities aimed at improving environmental information disclosure. We intend to continue to plan and promote communication with our stakeholders moving forward.

* Energy creation focuses on creating new energy by making use of energy sources, including exhaust wind and heat from factories that has never been previously used.



High praise from industrial district for environmental activities (Shanghai)



The Minister of the Land, Infrastructure, Transport and Tourism's Green Urban Award

FY2017 Targets and Performance for Mid-Term Basic Policy on the Environment

WEB FY2017 Targets and Performance for Mid-Term Basic Policy on the Environment
<http://www.sanden.co.jp/csr/disp.cgi?mode=detail&id=18&lang=en>

This table shows our fiscal 2017 environmental activities and the company's performance in achieving the targets set out in the Mid-Term Basic Policy on the Environment ending in fiscal 2017.

* Level of attainment: A: target(s) attained; B: generally attained; and C: insufficient

Basic Strategy	Mid-Term Basic Policy on the Environment targets	FY2017 targets	Fiscal 2017 performance	Level of attainment
Green Management	Attainment of environment activities at all sites: A or higher	Environmental activity level All sites achieve level "A"	Achieved at 25 locations targeted for environmental management (73%)	B
		Sponsor regional environmental conferences	Sanden held the Second China Region Environmental Conference	
		Complete preparations for shift to revised ISO	Preparations complete at all locations Update to 2015 version complete at 28 ISO certified locations	
		Implementation of environmental education activities	<ul style="list-style-type: none"> Executive education in SDGs, ESG Promoting Certification Test for Environmental Specialists results in certification of 114 Eco People 	
Green Technology	<ul style="list-style-type: none"> Development and marketing of environmentally friendly products using new technologies All mass-produced products meet product environment indicators (Targets are set by product) 	Product environmental indicators of 0.9 or less with newly developed models (environmental performance comparison with applicable models)	Attainment rate of 95%	A
		Calculate environmental impact for product's entire life cycle	<ul style="list-style-type: none"> Scope 3 calculation for food distribution equipment Industrial Association focus on calculating impact of automotive equipment while it is in use 	
		Develop environmentally friendly products using innovative technologies	<ul style="list-style-type: none"> Developed and marketed CO₂ refrigerant compressor for automotive air conditioners Developed and marketed high efficiency heat pump for electric vehicle air conditioners Developed and marketed drip-type coffee dispenser that uses fresh milk 	
Green Process	Reduction in environmental burden <ul style="list-style-type: none"> 15% or more in energy usage 15% or more in waste emissions 5% or more in water usage 5% or more in emissions of harmful chemical substances (All figures are on a per unit of sales basis and are comparisons with fiscal 2013.)	CO ₂ intensity per sales 8% reduction YoY	Unit of sales: Increased 1% (vs. Mid-term target) Total volume: Increased 1% Unit of sales: Increased 10%	B
		Waste intensity per sales 8% reduction YoY	Unit of sales: Reduced 19% (vs. Mid-term target) Total volume: Reduced 35% Unit of sales: Reduced 32%	
		(Japanese business plants and domestic group companies) • Maintain recycling ratio of 99% or more (zero emissions)	Maintained	
		Reduce water usage per unit of sales by 2% YoY	Unit of sales: Reduced 3% (vs. Mid-term target) Total volume: Reduced 11% Unit of sales: Reduced 7%	
		(Japanese business plants) Reduce emissions of harmful chemical substances per unit of sales by 2% YoY	Reduced 10%	
		(Japan) Reduce energy use per unit by 1% YoY	Reduced 3%	
Green Communication	Global development of biodiversity activities Getting external assessments	Participation in environmental conservation activities	<ul style="list-style-type: none"> Afforestation activities at each location Actively participated in local afforestation and cleaning activities 	A
		Participate in awards programs	<ul style="list-style-type: none"> Green Social Contribution Award Ministry of Land, Infrastructure, Transport and Tourism's Green Urban Award 	

A company committed to biodiversity



Composting of cafeteria food waste (France)



Environmental education activities at the Sanden Forest/Akagi Plant (Japan)



Employees participating in on-site greening activities (US)



Participation in afforestation activities (Philippines)

Employees participating in afforestation activities

Participating in local clean-up activities



Employee cleaning activities (Poland)



Cleaning activities in Akagi Onuma (Japan)



Cleaning Day in Chiyoda-ku, Tokyo (Japan)



Cleaning in Hashienuma (Japan)

Sanden and our Customers

Fundamental approach to the customers

One of the tenets of the Management Principles of the Sanden Group is “Satisfy our customers’ needs with high-quality products.” As we strive to provide attractive products, systems, and services, we believe quality comes first in our technological development and manufacturing efforts. The creation of quality products requires us to ensure that information obtained is factual, that we share that information with relevant departments, and that we make continuous improvements by following the PDCA cycle.

Targeting product quality improvements by advancing STQM activities

Beginning in 1994, Sanden introduced its STQM activities, which stands for “Sanden Total Quality Management,” with the objective of improving the quality of management in the Sanden Group and aiming to have the “best-in-class” management quality in the world. STQM is defined as the action to accumulate daily efforts of creative improvement, while improving the quality of each management and each results in order to build the company which prospers in the 21st century. In addition to past activities aimed at improvement, our efforts to achieve the highest level of service, continue to respond to customer needs and adapt to a changing market resulted in the Sanden Group in fiscal 2017 launching “Customer First” activities as part of our goal of reinforcing our commitment to our customers. We are conducting these activities at our locations around the world as we strive toward realization of our concept of a “global excellent companies.”

Creating value for our customers through global development

Our technology development and manufacturing activities are based on our “four-pole development structure”, comprised of Japan, Europe, North America, and Asia/China. In order to provide the high-value products required by our customers and adapt to diversifying markets on a global basis, the development divisions in Japan actively develop new technologies based on new product and new technology proposals to our customers. We will continue to strive to improve customer value by developing a global development structure that can offer a broad range of technology support throughout the world, including in material technologies, reliability technologies, and production technologies.

Continuing to bolster the foundation for improvement

The company won a grand award for the third consecutive season at the Gunma district QC Circle Spring Conference hosted by the Union of Japanese Scientists and Engineers.

Support for improving product quality at overseas companies

As part of product quality management training for leaders of overseas companies hosted by the Association for Overseas Technical Cooperation and Sustainable Partnerships (AOTS), we introduced STQM activities and examples of organizational improvement measures by the Hot Forging Circle of Sanden Automotive Components Corporation, which won the Silver Award at the All Japan QC Circle Conference.

Focus on improving customer satisfaction

The Sanden Group formulates policies and measures for each business company in an effort to improve customer satisfaction. Specifically, we hold regular meetings every month with our customers, implement assessments based on interviews once a year, and conduct customer satisfaction surveys for customers that have received after sales services. The Customer Service Center (in Japan) receives inquiries about products and service requests 365 days a year. These measures allow us to effectively grasp and analyze the needs of our customers and therefore not only improve our products and services, but also more effectively develop new products.

WEB Customers
<https://www.sanden.co.jp/csr/disp.cgi?mode=detail&id=10&lang=en>



Full-scale flexible line operations begin at the Akagi Plant



10th STQM World Convention

The results of 2017–2018 activities

- Gunma district QC Circle: Champion Tournament
 Gunma Governor’s Award
 SW-HY Circle (Sanden Business Expert)
- Gunma district QC Circle: General Tournament
 Spring Tournament Award
 SW-HY Circle (Sanden Business Expert) / Pressland Circle (Sanwa Fabtech)
- Fall Tournament Award
 CHIRITSUMO Circle (Sanden Retail System) / 5-7 (Sanden Logistics)
- Spring Tournament Award
 SMASH HIT Circle (Sanden Business Expert) / Hot Forging Circle (Sanden Automotive Components)

Sanden and our Suppliers

Fundamental approach to the suppliers

In line with our focus on creating opportunities and reducing business risk, we will continue to promote co-creation activities throughout the supply chain while simultaneously encouraging our business partners to understand the CSR promotional activities in which the Sanden Group is engaged. 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.

WEB Suppliers
<https://www.sanden.co.jp/csr/disp.cgi?mode=detail&id=4&lang=en>

Cooperation with our partners

G-CF*1 Conferences are organized for suppliers to express appreciation for their day-to-day manufacturing activities and their promotional activities related to Sanden Group product marketing promotion. These conferences are also held to promote suppliers’ understanding of the Group’s global operations and build solid relationships of trust. The G-CF Conference held in February 2018 focused on the explanation and sharing of procurement and management policies with our leading global partners. This year saw the participation of 167 individuals from a total of 83 companies (61 from Japan and 22 from overseas). In addition to letters of appreciation to 15 of these companies that made strong contribution to the group, we note that the company’s MPS*2 policies have produced clear results in engineering and supply chain activities, resulting in the presentation of Green Product Awards for excellence in technology that contributed to the company’s technological development and product competitiveness. The Conference also included a breakdown of some of these efforts.

*1 Stands for Global Create Future
 *2 Materials & Parts Supply



Suppliers’ awards ceremony at the 2018 Sanden G-CF Conference

Sanden and our Shareholders and Investors

Fundamental approach to the shareholders and investors

To promote the long-term support of shareholders and investors, the Sanden Group considers it important to provide them with beneficial information for facilitating investment judgements, and we are endeavoring to communicate actively with them. We will also work to enhance dialogue from an ESG perspective, something we have been focusing on for some time now.

WEB Shareholders and Investors
<https://www.sanden.co.jp/csr/disp.cgi?mode=detail&id=9&lang=en>

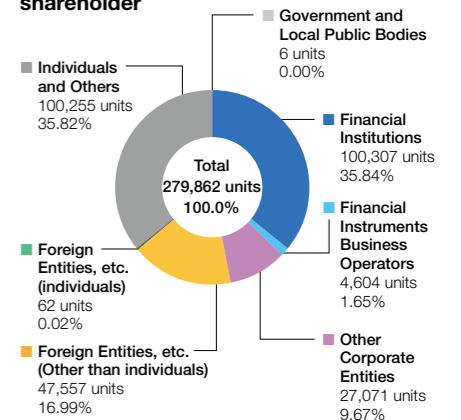
Information disclosure

Sanden issues quarterly reports in Japanese and English with the goal of promoting such areas as the understanding of the Group, Sanden’s Corporate Philosophy, management strategy and Corporate Mid-Term Plan. These are published on the Sanden website and in reports such as Securities Report. Sanden also gives presentations, to financial institutions and institutional investors, of performance results at the end of the second and fourth quarters, and the materials are posted on the Sanden website in Japanese and English to ensure fair disclosure.

Communication with Shareholders and Investors

We are working to deepen communication and strengthen our relationship of trust with shareholders and investors, including through over 110 individual and small meetings for shareholders and institutional investors held throughout the year, which allow us to provide a clear explanation of our business strategies, as well as our Corporate Mid-Term Plan and our progress in achieving the targets within that plan. We also believe the meetings further facilitate the frank exchange of ideas and opinions. The Sanden Group is committed to providing more timely communications with overseas investors and shareholders, and has accordingly been holding more conference calls. We intend to continue to expand our communication efforts as part of our goal to meet the expectations and gain the further trust of our shareholders and investors.

Distribution of shares by type of shareholder



* One treasury stock holder (1,671 units) included in the “Individuals and Others” category.

Sanden and our Employees

Fundamental approach to the employees

With an eye on the aging of society in Japan and the declining working-age populations, we believe our efforts to create a workplace where each employee can work to the best of their ability contributes to the growth potential of the company. Furthermore, 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.

Practical Action: Sanden's 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 highly motivated employees can conduct business activities globally

Promoting and effectively utilizing global human resources

As we accelerate the global development of our business, we view the training and promotion of human resources across the globe as one of our highest priorities.

Our human resources department twice a year holds a meeting for global human resources officers to facilitate the exchange of ideas with personnel managers of major overseas corporations. Discussions focus on sharing and utilization strategies in human resources in line with our effort to promote and effectively utilize human resources throughout the global Sanden group.

Meetings to exchange opinions on diversity

As part of our effort to advance understanding of the need to promote women's careers and diversity, to advance role models for women, and to create a comfortable working environment, we launched regular small group meetings for the exchange of ideas and opinions in December 2017, holding by June 2018 two meetings at the Akagi Plant, two meetings at the Yattajima Plant, and one meeting at the Tokyo headquarters. Issues for discussion at these meetings included ideas for improvements by participants, and plans for future improvements through collaboration between management and labor unions.

Diversity initiatives

Personnel Data for Japan

(Numbers of employees)

	FY2014	FY2015	FY2016	FY2017
Total number of employees	2,407	2,394	2,304	2,481
Non-Japanese				
Employees	23	23	29	30
Corporate officers	2	0	2	0
General Managers	3	0	0	3
Managerial positions (including general manager positions)	3	4	5	6
Women				
Employees	279	284	298	315
Corporate officers	0	0	1	1
General Managers	3	3	2	4
Managerial positions (including general manager positions)	10	13	10	12
Number of foreign nationals hired (new graduates)	2	1	5	3
Employees with disabilities	79 (2.12%)	86 (2.28%)	100 (2.84%)	105 (2.70%)

Notes: 1. Figures are as of March 31 of each year.

2. These figures are for Sanden Holdings and its seven business companies. However, the number of people with disabilities includes Sanden Holdings and its seven business companies, Sanden Bright Partner, Sanwa, Sanwa Fabtech, Sanwa System Engineering, SD Maintenance, and Honda Cars Takasaki.

3. Ministry of Health, Labour and Welfare counts one full-time worker with severe disabilities as two persons.

4. The figures in parentheses () are the percentage of disabled employees.

WEB Employees

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



Meeting for global human resources officers

Sanden Group Action plan for submission to the Ministry of Health, Labour and Welfare

1. Period covered by the plan

December 2017–31 March 2019 (one year)

* The plan covers through the end of fiscal 2018 with a reworking of the plan for the following fiscal year.

2. Challenges

- (1) Increasing the number of female managerial candidates
- (2) Increasing the ratio of female full-time employees
- (3) Bolstering training for leadership positions
- (4) Fostering workstyles that bolster productivity

3. Targets

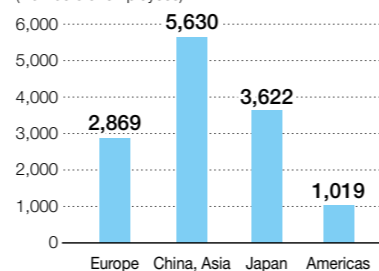
- 1 Achieve a three-fold increase in the number of women in management positions compared to 2014 by 2020 and a five-fold increase by 2030.
- 2 Ensure that women account for at least 15% of new graduate hires.
- 3 Enhanced training for human resources in leadership positions
- 4 Implement workstyles that bolster productivity



Exchange of opinions and ideas on diversity

Number of Employees by Region

(Numbers of employees)



Promoting the development of human resources

Sanden Holdings Corporation and the seven business companies recognize that "human development" is the management issue likely to have the largest impact on the future of the company. With this in mind, we are conducting employee training in line with the basic idea of fostering human resources under the assumption that "human power" is the source for "technological power."

Outline of the SDC training system

Level	Training based on organizational hierarchy	Selective training	Specialty training	Self-development
Senior management		Management school, Accelerated MBA	Specialized training by job category	Correspondence and external training
Management	Management training	Business school		
General employment	Chief and assistant manager training	Coaching training		
	Mid-level employee training			
	Third-year of employment training, New employee training	Facilitation training		

Sanden selected as a White 500 Company in 2018, certifying outstanding health and productivity management

Sanden Holdings Corporation and the seven business companies were certified as a group of companies showing outstanding health and productivity management (large company section) in 2018 by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. We implemented safety activities in fiscal 2017 under a safety and health policy based on "creating workplaces where each and every employee can work in safety and security by giving safety highest priority and having everyone participate in health and safety activities." Key measures included improving the environment in all workplaces in line with the results of recent stress check efforts, with a particular focus on eliminating issues related to mental health.

Promotion of safety and health activities

The Sanden Group views the reduction of hazardous risks that could lead to serious injury of illness as a top safety and health concern. We are accordingly moving forward with risks assessments by job and location, revising work methods to remove risks in line with our risk assessments, renovating equipment and facilities to lower and manage risk, and conducting comprehensive education and training activities for our employees. Focused on the Central Safety and Health Committee, we are working to lift awareness of safety among all employees by conducting *Hiyari-Hatto* (near misses) training and 5S (Sorting, Setting-in-order, Shining, Standardizing, Sustaining Discipline) activities focused on specialized challenges at each site.

Promotion of work-life balance

Sanden Holdings Corporation and the seven business companies aim to improve the work-life balance of their employees by promoting the use of paid leave. In addition to targeting a paid-leave usage ratio of 60%, we are considering shortened working hours, a reduction in overtime hours, flexible working schedules and the introduction of a more diverse lineup of workstyles.

We participated as an implementing corporation in "2018 Telework Days" in July 2018. This involved telecommuting on a trial basis as part of an effort to realize work-life balance for employees working in the Tokyo area.



Sanden Communication Plaza (Honjo City, Saitama Prefecture): a group facility for selective and level-based training, including for new employees

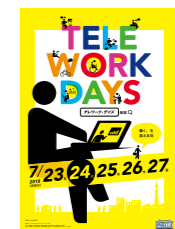
Number of employees participating in training

(Numbers of employees)

	FY2015	FY2016	FY2017
Total	371	246	324



Training aimed at improving the workplace environment



The Telework Days initiative is a national movement to promote workstyle reforms organized in cooperation with companies, the Tokyo Metropolitan Government and related organizations, as well as the Ministry of Internal Affairs and Communications (MIC), the Ministry of Health, Labour and Welfare (MHLW), METI, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), the Cabinet Secretariat and the Cabinet Office.

Sanden and our Communities

Fundamental approach to the communities

With the goal of realizing a sustainable society, the Sanden Group is committed to fulfilling its role as a corporate citizen and deepening its ties with local communities through a variety of activities.

(Japan) Human resources development programs for revitalizing local communities

The Sanden Group is implementing its own human resources development programs for local communities

Focus	Period	Name	Cooperating companies and organizations
Community members	November 2017–February 2018	Waseda University-affiliated business school	WBS Research Center, Waseda University/Isesaki City/Isesaki City Board of Education
University students	April 2017–March 2018	Sanden Kankyo Mirai Zaidan Environmental Network Campus	Gunma University/Takasaki City University of Economics/Waseda University/Kyoai Gakuen
		Sanden Kankyo Mirai Zaidan "Global E-Cam)	Maebashi International University
High school students	August 2018	Summer Riko-challe	Cabinet Office / Gunma University, Faculty of Science and Engineering
	July–September 2017	Isesaki City Business Experience Project "Isesaki Social Design Award"	Isesaki City Board of Education
Elementary and junior high school students	August 2017	Sanden Maebashi Robocon 2017	Maebashi City / Maebashi Techno Forum Executive Committee
	July 2017	Isesaki City Manufacturing Experience	Isesaki City Board of Education / MoNo labo

(Japan) Sixth Volleyball clinic in support of reconstruction in Fukushima

In April 2018, the Sanden women's volleyball team joined with the Denso (Hyogo Prefecture) team to sponsor a sixth volleyball clinic in support of reconstruction in Fukushima. The event was held for elementary and junior high school students in Soma City and Date City, Fukushima Prefecture.

(Philippines) Sponsoring the Kiss Me project by donating large freezers

In November 2017, Sanden International Philippines, Inc. was a sponsor in the Philippine Department of Agriculture's "Kiss Me Project," which benefits military personnel. The company contributed by donating large freezers to five wounded soldiers.

(Poland) Contributing through participation in the Smile for Penny campaign

Sanden Manufacturing Poland sp.zo.o (Poland) collected PLN11,000 (about ¥360,000) as part of the "Smile for Penny Campaign" in January 2018, contributing the funds to the treatment of children and a local orphanage.

(US) Support for areas devastated by Hurricane Harvey

SandenVendo America Inc. in September 2017 participated in rescue and food supply operations for victims of Hurricane Harvey, a large hurricane that slammed into Houston, Texas on 24 August.

(China) From Gunma to the world

Sanden Holdings Corporation Shanghai Representative Office in March 2018 hosted Gunma University officials, worked with the Glocal Hataru-Kurasu Gunma Project in which the Company is a participant, and participated in the exchanging of views on career development efforts for the next generation from a global perspective.

WEB Social Contribution Activities
<https://www.sanden.co.jp/english/environment/activity.html>



Environmental Network Campus



Monolabo



Sixth Volleyball clinic in support of reconstruction in Fukushima



Kiss Me Project



Smile for Penny Campaign

Fiscal 2017 social contribution targets and performance

WEB Fiscal 2017 social contribution targets and performance
<https://www.sanden.co.jp/csr/disp.cgi?mode=detail&id=29&lang=en>

* Level of attainment: A: target(s) attained; B: generally attained; and C: insufficient

Category	FY2017 Targets	FY2017 Performance	Level of attainment	FY2018 Targets
Customers	Quality Management (1) Eliminate problems early through KPI monitoring (2) Train key quality personnel to raise organizational capacities (Action) Establish a relationship of trust with customers by strengthening our global product quality system (Numerical Targets) Zero critical product quality issues	(1) For the restructuring of the product quality process, we improved market problem-related measures (eliminate), prevented production-related problems (stop), and prevented development-related problems (prevent release) using product quality dashboard monitoring (2) From a system focused on improving engineer potential through SQC training at the QA facility, we shifted to problem-solving activities combining SQC with specific relevant technologies, effectively moving from education to improving organizational skills.	A	(1) Promote the restructuring of the product quality process using the product quality dashboard on a global basis (2) Expand themes for problem-solving activities combining specific relevant technologies with SQC
		(1) Launched activities aimed at preventing product quality issues and constructed product quality assurance system for the expansion of the electric business (2) In accordance with the shift to IATF 16949, the international quality standard, we initiated a shift to a new product quality management system (certification in 2018) (3) Revised the product quality system for new product development (4) Established the Production Quality Assurance Department to improve quality in line with shifts in factory production, and the Product Quality Assurance Department to strengthen frontloading at the quality headquarters	B	(1) Achieve zero critical quality issues in line with the construction of the quality assurance system for the expansion of the electric business (2) IATF 16949 certification in line with shift to the new management system based on IATF 16949 and customer requests (3) Achieve zero critical quality issues in line with the construction of a quality system for expansion in coffee dispenser business (4) Reduced labor and lower defective AS costs by maintaining and improving OEM product quality
	Sales Conduct customer satisfaction survey	(1) VOC collection through direct customer contact (2) Service department conducted customer satisfaction survey (3) Conducted market evaluations for new product	A	(1) Continue VOS collection activities (2) Service department continues to conduct customer satisfaction survey (3) Continue to conduct market evaluations for new products
Service	Promote logistics activities conscious of the global environment (1) Reduce packaging materials through packaging improvements (2) Reduce deliveries through collaborative collection/delivery (3) Implement more intensive (round) container use through collaboration with other companies (4) Shorten transport lead-times by developing new overseas transport routes (5) Continue to expand the modal shift	(1) Packaging improvements Introduction of rental pallets (2) Collaborative collection/delivery Shared distribution with supplier (3) Container round use (CRU) Expanded round use of company's import/export containers (4) Shorten transport lead-times Changed maritime services to Europe (5) Modal shift Continuous use of railways when domestic transport is over 500km	A	Promotion of environmentally friendly logistics (1) Improved efficiency through facility consolidation (2) Reduced number of deliveries through joint collection and delivery (3) Expand container round use (4) Reduce inventory through shortened import/export lead-times (5) Sustain modal shift
		Human Resource Development (1) Conduct training by job level (2) Conduct select training for next-generation leaders, etc. (3) Conduct online course for improving management skills	(1) Training based on organizational hierarchy (all five levels) Implementation rate: 100% (Total of 10 times), Attendance rate: 100% (276 individuals) (2) Selective training (all five courses) Implementation rate: 100% (Total of five times), Attendance rate: 100% (78 individuals) (3) Cancelled in fiscal 2017 in line with review of training system	A
Employees	Diversity Employment ratio for people with disabilities: 2.4% (At time of setting target 2.3%)	2.7%	A	2.6% or more
	Hire female employees and strengthen the foundation by facilitating related structures	(1) Female graduates accounted for 22% of all new hires in fiscal 2017 (2) We analyzed activities to date, set new targets, and reviewed the action plan	A	(1) Achieve a three-fold increase in the number of women in management positions compared to 2014 by 2020 and a five-fold increase by 2030 (2) Ensure that women account for at least 15% of new graduate hires. Enhance leadership training. Establish workstyles to improve productivity.
	Health and Safety/ Work-life Balance (Safety) (1) Continue to ensure rigorous compliance with basic rules (2) Monthly management of KPI (3) Continue and enhance workplace environment improvement activities (Health) (1) Continue conducting workplace improvement activities (2) Conduct the second round of stress checks	(Safety) (1) Entrenched compliance with the five safety rules and promoted safety in daily activities (2) Improved working environment by improving safety awareness and risk abatement. (Health) (1) Implemented stress checks in August 2017. Attendance rate: 99.6%. (2) Full workplace participation in line with corporate health policy (3) Implemented environmental improvements (4) 400 examples of improvements and good practice (5) Implemented health interviews for new employees, management supervision training to promote mental health and stability	B A	(Safety) (1) Restructure basic rules for safety and implement training for all employees (2) RA implementation and improvement based on change point management (3) Entrench compliance with the five safety rules and promote safety in daily activities (Health) (1) Promote workstyle reforms to ease overwork. No workers working excessive hours (more than 45 hours of overtime per month for three consecutive months) (2) Promote worker awareness of their own health risks
Shareholders/ Investors Communication (1) Develop and enhance activities for dialogue between top management and shareholders/investors under holding company structure (2) Enhance information disclosure and opportunities (3) Shorten time to earnings disclosure	(1) Promoted dialogue with institutional investors during visits, held investor briefings on financial results twice a year, and the shareholders meeting hosted by Sanden Holdings management (2) Announced Corporate Mid-Term Plan, disclosed progress toward achievement (3) Disclosure dates comparable to previous year. 3Q shortened by one day.	A	(1) Implement fair disclosure practices (2) Enhance shareholder dialogue in regard to non-financial items (ESG)	
Communities Local Contribution Activities Further promote social contributions at all global locations through collaboration with the regions they serve (1) Educational support (2) Support for disaster recovery (3) Support for social welfare (4) Environmental preservation (5) Promotion of sports activities	(1) With the goal of promoting a gender-equal society, we implemented the "Riko-challe" for the Gunma University Faculty of Science and Engineering and female junior and high school students in the prefecture. We also made social contributions at each of our global facilities (for details, please see our website) https://www.sanden.co.jp/english/environment/activity.html	A	Promote social contributions at all global facilities in cooperation with local communities (1) Support for education (2) Disaster recovery support (3) Social welfare support (4) Preservation of the environment (5) Promotion of sports	
Suppliers CSR Survey/Communication (1) Strengthen operating standards for conflict minerals and Japanese Subcontract Act (2) Strengthen communication with MPS business partners and core business partners (3) Further strengthen business partners by enhancing MPS activities (Total of 127 activities) (4) Strengthen relationships with outstanding G business partners through G-CF Conferences	(1) Implemented companywide e-learning and education for subcontracting law, determined rules for inter-site transactions and conflict minerals (2) Held business meetings, mainly with MPS partners, reached agreement on mid-term measures (3) Held QC-story study session, supported efforts aimed at on-site improvements, PDCA Process acquisition (4) Core supplier attendance at G-CF Conference was 167 companies, 61 from Japan, 22 from overseas. Awarded certificates to suppliers making strong contributions and expressed thanks for activities over the past year.	A	(1) Continue to fortify initiatives in regard to subcontracting laws and conflict minerals (2) Continue to strengthen communication with MPS partners and core suppliers (3) Use 2019 G-CF Conference to bolster ties with core suppliers (4) Entrench environmental improvement measures in the supply chain (management of CO ₂ emissions volume)	