

## Third-Party Opinion

As introduced in the Top Message at the start of this Report, the ESG management initiatives undertaken by the Sanden Group are advanced in connection with the organizational structure of the management principles, which clearly indicates the coordination between these initiatives and business activities. Moreover, in connection with the materiality of “environment” and “people,” the Group reported targets and results for fiscal 2019 in addition to individual initiatives, thereby giving this report a good overall balance. This Report also links the Group’s initiatives for the “Integrated Thermal Management System,” which serves as a core of its business activities, and “Technology Development through Co-creation” with outside organizations, to the individual goals of the SDGs, which I believe is a highly effective method for communicating the Group’s relationship with broader social trends to the stakeholders. Likewise, this Report delivers the powerful message that the Sanden Group contributes to society through its business activities.

As one aspect of materiality for the Sanden Group’s CSR activities, the “environment” is an area in which the Group has engaged in activities over the years. I believe that one part of the recognition the Group has received from society regarding this continuity lies in the fact that SEGES granted “Green Legacy” certification to Sanden Forest. Although Japanese society and many industries have entered an economically challenging period due to the impact of COVID-19, as shown by the fact that the SDGs framework is set over a 15-year span, initiatives aimed at sustainability must be continued regardless of whether economic conditions are positive or surmounting challenging periods. I believe the enduring spirit of Sanden Forest is an excellent initiative that exemplifies these aspects, and that it has also helped the Group receive recognition from society.

In terms of “people,” the second pillar of materiality, the Group’s relationship with its employees will become ever more important for making it through the era of COVID-19. The Sanden Group was an early entrant into aggressively undertaking health and productivity management, which led the Group to receive certification once again this year as an organization with outstanding health and productivity management. The Group also increased its employment ratio for people with disabilities over the previous year, enhanced the childcare work system, and strived for activities on a higher level. Instilling telework and other flexible working styles within a society that must live alongside COVID-19 is expected to expand opportunities for a greater range of human resources to participate in the future. And I expect to see the Sanden Group also continue to create environments in which a diverse range of human resources can participate.

As an organization that has steadily engaged in CSR activities, one of the future challenges for the Sanden Group likely lies in its efforts to enhance communication with investors. Even after society was plunged into chaos following the spread of COVID-19, ESG-related investments have continued to see greater activity, primarily in Europe and the US. In fact, there is growing trend in the number of both institutional investors as well as funds that target individual investors, while the scope of investments has spread throughout the world. Even beyond the Integrated Thermal Management System, a core of its business activities, the Sanden Group holds significant potential to contribute to ESG, so I expect to see a greater level of strategic communication.

### Comment on the Third-Party Opinion Regarding Sanden’s 2020 CSR Report

Following on last year’s CSR Report, we requested a third-party opinion from Hirotsugu Kitada, an associate professor at Hosei University who has worked to expand his scope of activities to the theme of sustainability management. As such, I would like to express my gratitude for his valuable suggestions and proposals.

Last year we formulated SCOPE 2023 as our new Mid-term Management Plan, which ends in fiscal 2023, and specified our contributions to the SDGs through business. Professor Kitada praised our approach to organizing the relationship regarding our contributions to a sustainable society. Yet there are still areas that lack specific activities and targets, so we see this as a major challenge for the future.

I believe the reason we have received such strong recognition of our ongoing activities targeting the materiality of “environment” and “people” is because we aim to be a company that provides “Integrated Thermal Management” for electric vehicles. This is an area expected to grow in the future, and because we have the ability to evolve our activities targeted at “creating an enriched society in which environment and comfort are harmonized.” as our new vision. By integrating our contributions to the SDGs into our management strategies, strategically linking solutions to social issues and business activities, and promoting concrete CSR activities, we aim to realize a company that is looked to and trusted by our stakeholders.



#### Hirotsugu Kitada

Associate Professor, Faculty of Business Administration, Hosei University, Kobe University, Graduate School of Business Administration, Doctor of Business Administration. MFCA Forum Japan, Steering Committee. ISO/TC323 (Circular Economy) Japan working group member. Specializing in accounting, Hirotsugu Kitada has conducted research on the spread and penetration of environmental management accounting and has expanded the scope of his activities to themes related to sustainability management. His main works include Emergent Responsible Management (Nihon Keizai Shimbun Publishing).



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