

CSR REPORT 2017

*Responsibly Creating
Shared Value*

SANDEN HOLDINGS CORPORATION
<http://www.sanden.co.jp/english/>

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SANDEN GROUP

Top Message



Amid Changing Times, We Will Strive to Meet the Expectations of Our Stakeholders with a Spirit of Challenge and Innovation

Sanden Holdings Corporation
Director & President
Kin-ei Kanda

Backed by key technologies related to cooling and heating, the Sanden Group conducts business with customers around the world, through diversified operations in the dynamic commercial store showcase, vending machine, and car air-conditioning compressor and systems industries.

The Sanden Group has undertaken comprehensive structural reforms since August 2016 in response to recent changes in foreign exchange rates and market conditions. A Companywide effort to implement these reforms has generated steady results through improvement and innovation activities as each and every employee challenges to pursue meaningful work. We are grateful for the continued support and cooperation of all our stakeholders amid these changing times.

Initiatives to Create Corporate Value

In addition to targeting a return to a growth trajectory, the Sanden Group has launched a Corporate Mid-Term Plan for FY2017-FY2020. We are moving forward with four key initiatives while rapidly working to finish comprehensive structural reforms across the Company.

The Sanden Group is optimizing its business portfolio to create greater corporate value by concentrating its resources on growing in business fields related to the environment.

Corporate Mid-Term Plan (Consolidated FY2020 basis)

Net Sales	¥320 billion
Ordinary Income Ratio	5%
Equity Ratio	25%

Four Key Initiatives

1	Comprehensive cost transformation to improve profitability	Material and parts procurement transformation
		Productivity innovation
		Quality reforms
2	Asset efficiency enhancement to strengthen the overall financial structure	Selection and concentration of investment
		Reduction of working capital
		Securitization of non-core assets
3	Optimization of the business portfolio to create corporate value	Concentration of management resources to growing environment related fields
4	Management system reform to achieve sustainable growth	Innovation in corporate governance
		Enhancement of global management control
		Revamp the decision-making system

In the Automotive Systems Business, Sanden targets further growth in the field of thermal management systems with new technologies and products, including heat pump systems, electric compressors, and compressors using low global warming potential refrigerants such as CO₂, in anticipation of the automotive industry's shift toward environmentally friendly hybrid, electric and new energy cars.

In the Commercial Store Systems Business, Sanden is utilizing two major approaches to growth. The first is to pursue new markets. The Company plans to take its successful domestic cold-chain business model and expand it globally, especially to Asian markets. The second approach is to expand based on new technologies and new products. By introducing IoT technologies to current cold-food supply chains, we will provide our customers with solutions centered on optimum temperature and humidity control resulting in high freshness and improved customer satisfaction.

Strengthening Compliance and Corporate Governance

In March 2017, Sanden and one of its Group companies in Europe were ordered by the European Commission to pay a fine for violations of the EU competition law. Taking this matter with the utmost seriousness, the Sanden Group is making every effort to thoroughly strengthen its compliance and corporate governance systems by reviewing rules, re-training employees, and conducting periodic audits.

In June 2017, Sanden added one more outside director to the Board and established the Executive Nomination and Compensation Committee. While further strengthening corporate governance, the Company aims to achieve sustained growth and improve corporate value over the medium term while fulfilling its corporate social responsibility.

Establishing the Sanden Brand as One Trusted by Society

Sanden will celebrate its 75th anniversary in 2018. Consistent with its Corporate Philosophy, the Sanden Group is endeavoring to ensure the Sanden brand is one trusted by society through the provision of products, systems, and services that match the needs of society, while continuing to take on challenges and evolve amid changing times.

We will seek opportunities to engage with our stakeholders and proactively enhance communications. We ask for your continued support and encouragement.

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About This Report

Since 2005, the Sanden Group has annually published its "Sanden CSR Report," which is designed to offer information about Group businesses and the relationships with stakeholders in those operations in an easy-to-understand format.

The printed version of this report offers concise information on the Sanden Group's fundamental approach to issues based on its Corporate Philosophy and Management Principles. The Group's website offers more-detailed data as well as information on the latest CSR activities.

● Period of Time Covered by This Report

The report primarily focuses on the period from April 1, 2016 through March 31, 2017. However, efforts have been made to include as much information as possible on the latest activities and trends, even when they are subsequent to that time period.

● Scope of This Report

The scope of data and other information in the report includes the Sanden Group (Sanden Holdings Corporation as well as consolidated subsidiaries and affiliates). Please note that the scope of information in certain sections of the report may differ from this, as indicated.

● Guidelines Used in the Preparation of This Report

This report was prepared with reference to the Global Reporting Initiative (GRI) (Third Version)'s Sustainability Reporting Guidelines, and the Japanese Ministry of the Environment's 2012 Environmental Reporting Guidelines.

The Organizational Structure of the Company Principles

Founding Spirit

"Let Us Develop with Wisdom and Prosper in Harmony"

"Let us develop with wisdom and prosper in harmony" means that we should use our intelligence in combining our development and pioneering abilities to win prosperity for us all.

Management Principles

- Satisfy our customers' needs with high-quality products
- Contribute to the social and cultural improvement of the community through business activity
- Build a company of which all are proud, through the efforts of self-motivated employees

These principles have served as fundamental employee action guidelines since Sanden's founding.

This philosophy sets forth systematically the behavior that the companies and employees of the Sanden Group, as global excellent companies, should follow.



Management Policies

Leverage "global power" and "quality power" to realize an additional surge in corporate growth centered on core business providing environment-friendly products.

Corporate Philosophy

The Sanden Group (G-SDC) observes relevant laws and international rules both in Japan and overseas as it behaves according to the following 10 basic principles.

We will grow as good corporate citizens, trusted by society and in harmony with the international community.

1. **Good Corporate Citizenship and Harmony with Society** We will grow as good corporate citizens, trusted by society and in harmony with the international community.
2. **Respect for Human Rights** We will build a corporate culture founded on respect for all individuals and human rights.
3. **The Environment** We will endeavor to preserve the environment in every aspect of our corporate activities to ensure that future generations will inherit our beautiful, irreplaceable earth.
4. **Corporate Ethics** We will conduct our corporate activities in a spirit of sincerity and fairness based on a strong sense of ethics.
5. **Safety and Health** We will enable our employees to achieve a healthy life style by creating an environment that assures their health and safety.

Basic Stance toward Stakeholders

6. **Customers** We will stand on the admired ability of engineering development and manufacturing, and can offer products, systems and services, based on the QUALITY FIRST, that provide constant satisfaction to our customers around the world.
7. **Employees** 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.
8. **Shareholders and Investors** We will respond to the trust and expectations of our shareholders and investors by expanding the Sanden Group, enhancing our corporate value, and making our management more transparent.
9. **Communities** 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.
10. **Suppliers** 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.

At a Glance

Business Expansion

Composition of Net Sales by Business Segment (Fiscal 2016)



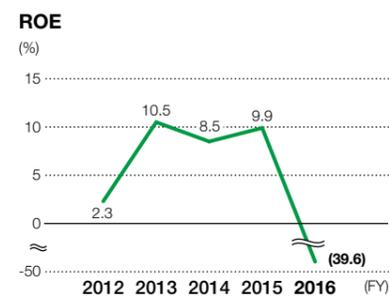
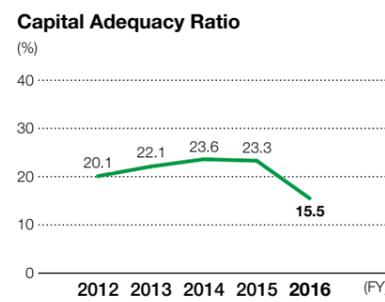
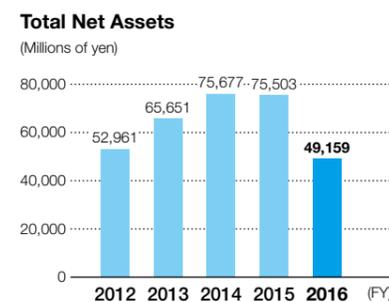
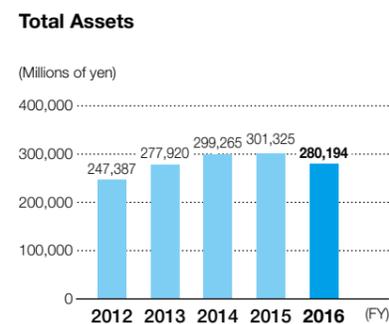
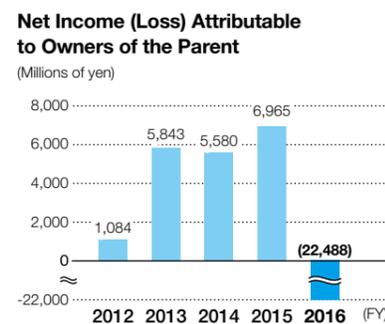
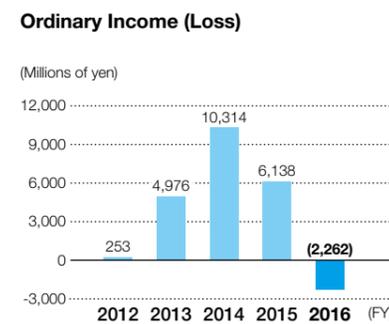
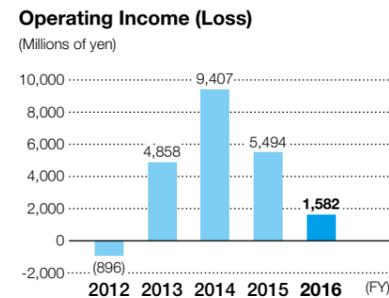
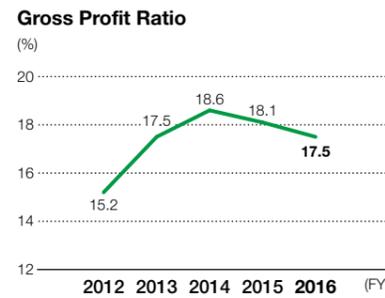
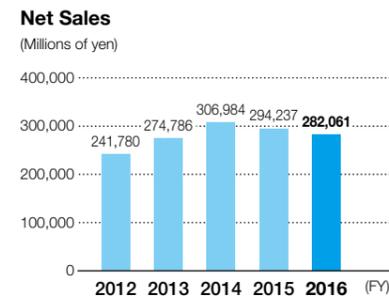
Automotive Systems Business

We are pursuing the further development of next-generation air-conditioning systems that are friendly to people and to the earth. The Sanden Group's car air-conditioning system products rapidly meet vehicle electrification requirements and are being adopted by automobile, construction equipment, and agricultural equipment manufacturers all over the world.



Commercial Store Systems Business

We provide support for the food product distribution, mainly through provision of our retail store systems and vending systems. We provide environmentally friendly products, systems, and services that globally contribute to the business growth of our customers.



CSR Policy of Sanden

The Sanden Group has established the principle that "Sanden's CSR activities fundamentally put its Corporate Philosophy into practice." With interest in CSR rising among customers and our other stakeholders in Japan and overseas, in fiscal 2014, we established a CSR Promotion Committee whose members positively establish priorities for action.

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.

Sanden believes that providing human resources development and the proper working environment that encourages all employees to draw on their full capabilities will lead to corporate growth. 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.

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.

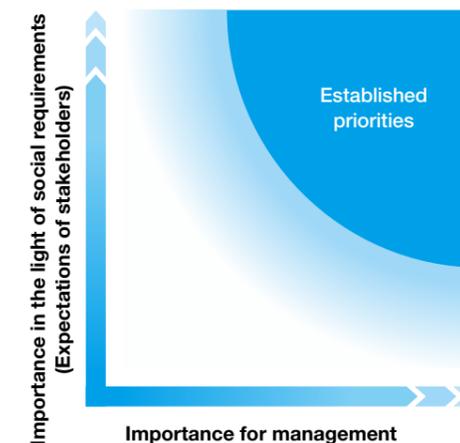
The Sanden Group considers preservation of the global environment to be the most important shared responsibility of people everywhere. Consistent with our Environmental Charter, as an industrial company grounded in technology development, and manufacturing, we are developing business initiatives that take into consideration environmental conservation in all aspects of our corporate activities.

One of the tenets of the Management Principles of the Sanden Group is "Satisfy our customers' needs with high-quality products." We practice our "Customer First" approach by continuing to offer them attractive products, systems, and services at all times.

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.

Methods of Establishing Priorities and the Results

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 suppliers. Then, for each department, we took into consideration two major angles: namely "importance for management" and "importance in the light of social requirements (expectations of stakeholders)." Going forward, we will set specific objectives for initiatives related to selected themes, specifically "environment" and "people", and work to raise the level of these CSR activities throughout the Group.



- Environment**
- Promotion of environmental R&D
 - Responding to lowering the burden on the environment
 - Promotion of recycling
 - Responding to climate change problems
- People**
- Promotion of diversity
 - Initiatives to achieve a good work/life balance
 - Human resource training
 - Full infusion of and adherence to compliance

Responsibly Creating Shared Value 1

Sanden's Human Resources who Create Value

Based on the founding spirit of "Let Us Develop with Wisdom and Prosper in Harmony" (refer to P1), the Sanden Group continues efforts aimed at the realization of a sustainable society (refer to page 3), and it has set "people" and "environment" as its priority CSR areas. In fiscal 2016, Sanden defined its activity goals in greater detail, with the Group as a whole taking action.



Social Issues

Working Style Reforms

In Japan the population is declining, the birthrate is falling, and the population is aging; so it is estimated that the total population will be 49,590,000 people in the year 2100. For that reason, the Sanden Group has been working on a variety of "working style reforms" and has developed systems tailored to the needs of society against the background of that historical context, including childcare and nursing care support, promotion of the employment of the elderly, and restriction of total working hours. (Refer to the Chronological Table.)

In response to the setting of the material CSR item "people" in fiscal 2015, in fiscal 2016 Sanden organized the measures for "working style reforms" that had been taken so far into a Chronological Table to identify the outstanding issues.



Strategic Areas

Promotion of Work-life Balance

The Sanden Group has ensured workers get holidays, shortened daily working hours, and reduced overtime hours in order to promote "work-life balance." We introduced flex-time work, which was rare at the time, and non-core flex-time work, to put in place work structures that are easy for employees to work under.

As a result, the total working hours average per person*1 in 2016 was greatly reduced to 1,965 hours from 2,108 hours in 2005.

On the other hand, current issues are identified as encouraging employees to take paid holidays, and the realization of flexible employment taking into consideration the circumstances of the employees.

As for systems to encourage employees to take paid holidays, we have put in place consecutive annual paid holidays, memorial-day holidays, and recurrent holidays (five consecutive days*2), but it still cannot be said that progress has been made company-wide in encouraging employees to take paid holidays.

*1 Required working hours average + overtime working hours average - average hours of paid holidays taken

*2 Nine consecutive days with the Saturdays and Sundays before and after included

Case Studies

Initiatives for Health and Safety

In 2016, Sanden established the health and safety policy of "creating workplaces where each and every employee can work in safety and security through giving safety highest priority and having everyone participate in safety and healthy activities", additionally ensured thorough implementation of basic behaviors such as the KYT activities, etc., and implemented a "Risk Improvement Campaign." In order to lead to the improvement of workplaces, individual employees report risks such as tasks, equipment, etc. in their daily work where they were surprised, almost had an accident, or felt danger. A total of 2,126 people participated in these activities, and steps were taken to improve 3,265 unsafe situations.

Furthermore, regarding health, Sanden introduced a stress check system, and improvement to a workplace environment that is easier to work in has been implemented by using all stress checks of the employees to enable them to ascertain their own stress condition and evaluate the workplace environment.



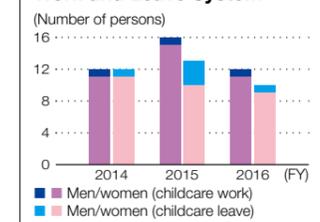
Danger prediction training (KYT) activities

Childcare and Nursing Care Leave System

The Sanden Group has put in place a system for childcare and nursing care so that both male and female employees can continue working without leaving their jobs during pregnancy, childbirth, childcare, and when nursing care of a family member is necessary. Cases of employees leaving their jobs due to childbirth have been almost eliminated, but we believe that in order to realize an environment in which employees can continue working with even more peace of mind, introduction of working arrangements that take into consideration the variety of circumstances of the employees is necessary. In fiscal 2016, the percentage of employees in the nursing care generation leaving their jobs tends to be increasing year by year, and the Sanden Group has currently 960 employees who are in the 45~55 years old nursing care generation; so we have made it easier to get systems related to nursing care and have expanded the period in which it can be used.

Currently, we are considering the further introduction of working arrangements that take into consideration the variety of circumstances of the employees.

Status of Use of the Childcare Work and Leave System



Sequence of Working Style Reforms (Introduction of Systems and Mechanisms) in Sanden

	~2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Employment System	<ul style="list-style-type: none"> Introduction of the non-core flex system Introduction of the planned annual paid holiday taking system (memorial-day holidays, consecutive holidays, recurrent holidays) Introduction of the volunteer holidays system 	<ul style="list-style-type: none"> New establishment of public service holidays Increase in the number of congratulatory or condolence holiday days Increase in the number of memorial-day holidays Introduction of the career comeback system 	<ul style="list-style-type: none"> Abolition of the compensatory leave system (encouraging employees to take holidays by using substitute holidays) 		<ul style="list-style-type: none"> Introduction of the by-the-hour annual paid holiday system 					<ul style="list-style-type: none"> Introduction of the career interview system 	
Childcare and Nursing Care Support	<ul style="list-style-type: none"> New establishment of nursing care holidays Revision of the reserved recuperation holidays (addition of nursing) New establishment of the overtime work detailed rules (Restrictions on overtime work in childcare and nursing care) 	<ul style="list-style-type: none"> Introduction of the childcare support services system 	<ul style="list-style-type: none"> Kurumin certification (Act on Advancement of Measures to Support Raising Next-Generation Children) 	<ul style="list-style-type: none"> New establishment of nursing holidays Nursing holidays: eligible people expanded Revision of the reserved recuperation holidays (addition of nursing care) Revision of the overtime work detailed rules (overtime work exemption in childcare) 						<ul style="list-style-type: none"> Revision of regulations related to childcare and nursing care (Extension of leave and short-hours work period, expansion of the scope of use) Gunma Iki-iki G Company (Gold) 	
Labor Management	<ul style="list-style-type: none"> Introduction of the attendance ID card system Introduction of the internal reporting system 		<ul style="list-style-type: none"> Implementation of the executive management survey 	<ul style="list-style-type: none"> Establishment of the harassment prevention committee 			<ul style="list-style-type: none"> Commencement of activities for the eradication of overwork Development of the time management guidelines 	<ul style="list-style-type: none"> Commencement of labor management education for managerial personnel 		<ul style="list-style-type: none"> Abolition of discretionary working system by field staff (proper ascertaining of working hours) 	<ul style="list-style-type: none"> Introduction of the new employment management system (proper ascertaining of working hours and stronger time management)
Health and Safety				<ul style="list-style-type: none"> Commencement of risk assessment activities 	<ul style="list-style-type: none"> Commencement of mental health education for managerial personnel Commencement of health checks and industrial physician interviews 	<ul style="list-style-type: none"> Declaration of the global introduction of occupational health and safety management systems (OHSAS) 	<ul style="list-style-type: none"> Commencement of mental health interviews by industrial physicians Commencement of mental health training for managerial personnel 	<ul style="list-style-type: none"> Development of the Risk Discovery Campaign Establishment of safety practice simulation spaces 		<ul style="list-style-type: none"> Introduction of the stress check system Development of the Risk Improvement Campaign Workplace environment improvement plan 	

Responsibly Creating Shared Value 2

Environmental Technologies to Launch a New Era

The Sanden Group considers preservation of the global environment to be the most important shared responsibility of people everywhere. Consistent with our Environmental Charter, as an industrial company grounded in technology development, and manufacturing, we are developing business initiatives that take into consideration environmental conservation in all aspects of our corporate activities.



Social Issues

Strategic Focus

Case Studies

Automotive Systems Business



Call for Automobiles with Lowered Environmental Impact

While automobiles are indispensable to society, drive system related engines, motors, and the like are diversifying due to heightened environmental regulations and consumer concern for the environment. Amid such environmental change, automobile manufacturers recognize global warming countermeasures as a critical undertaking and target automobiles with lowered environmental impact.



Car Air Conditioning and Compressors

The Sanden Group is promoting the development of car air-conditioning systems and compressors that deliver both a more comfortable interior environment and environmental conservation. To address global warming, in addition to pursuing “thermal management technology” to provide a comfortable interior environment as well as compact, lightweight, and energy saving technology to improve fuel economy, we are also developing compressors that utilize a natural refrigerant (CO₂).

CO₂ Refrigerant Compressors

Applying CO₂ refrigerant technology, cultivated through product development work spanning freezing and refrigerating showcases, and vending machines, to car air-conditioning systems, we developed compressors for automotive air conditioning applying CO₂ refrigerant. In what we believe is a world's first* in this field, we established a mass production system and launched full-fledged market entry. As CO₂ refrigerant has an operating pressure approximately five times that of HFC-134a, an advanced level of technological capability is necessary to achieve high degrees of pressure resistance and airtightness. At the same time, as CO₂ refrigerant contributes to additional energy savings when combined with our heat pump system, we will continue to promote technological development and thereby proactively contribute to the development of the automobile industry and to protection of the global natural environment.

* Sanden survey



Sanden Automotive Components Corporation developed a new model compressor for car air conditioning that uses CO₂ refrigerant, and, effective from May 2017, commenced full-scale supply to German-based Daimler AG for use in mass-produced vehicles.

Comment by Dr. Ralf Theurer Project Leader at Daimler AG

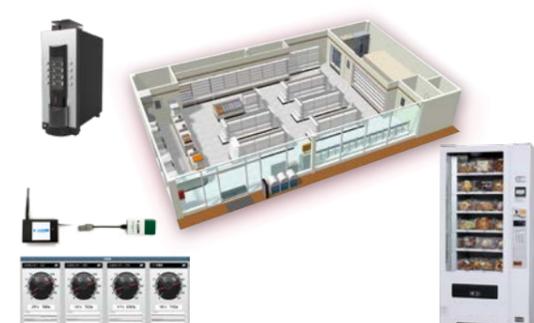
“Daimler chose Sanden for the development of the R744 compressor because of their extensive experience with this refrigerant and pioneering spirit towards new technologies. It has been quite a challenging project also for Daimler to get the R744 AC system launched in such short period. Therefore, the strategic partnership with Sanden has been very important and we are pleased about this successful launch.”

Commercial Store Systems Business



Demand for Food Safety and Environmental Measures

In the distribution industry, both products and services are diversifying in light of changing customer needs and societal issues such as declining birthrates and aging. In line with supporting economic revitalization and maintenance of local communities, there is strong demand for quality control measures ensuring food safety and security as well as environmental management to minimize food waste.

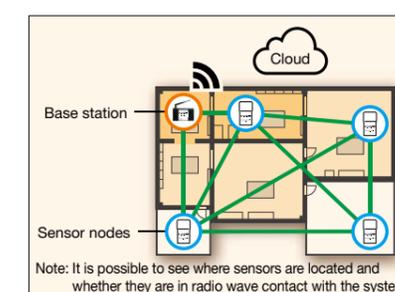


Natural Refrigerant (CO₂) Showcases and Temperature-Humidity Monitoring Service

The Sanden Group has introduced freezing and refrigerating showcases and vending machines combining heat pump technology using a natural refrigerant (CO₂) to lessen ozone layer depletion and potential global warming impact. In addition, we are developing products, systems, and services that address environmental concerns and food safety and security through integration with a comprehensive temperature and humidity management system for the entire food distribution chain that was launched in fiscal 2016.

Cloud-based Temperature and Humidity Monitor Service “e-mesh moderno”

As interest in safety and security increases in every field, including food and medical care, Sanden offers “e-mesh moderno”, a cloud-based temperature and humidity monitoring service using IoT (Internet of Things) technology. This service can more meticulously manage temperature and humidity in each location, strongly supporting customers’ quality control requirements. For example, in the field of food, consistent temperature and humidity management can be implemented from producers to food factories, logistics warehouses, shops, and consumers – from production to consumption points. In addition, temperature and humidity measurement data are transmitted to a cloud server, enabling customers to monitor conditions in real time even in remote locations, thereby enabling dramatic improvements in operating efficiency.



Sanden Retail Systems Corporation has been collaborating with Time Machine KK to provide the temperature and humidity monitor service “e-mesh moderno” since June 2016.

Comment by Kazuyoshi Nagai Nagano Prefecture Rengo Seika Co., Ltd., Senior Director and Manager of the Ueda Branch



“Our need for a cold-chain that can consistently maintain the freshness of food from the production region until it is delivered to our customers is growing year by year. With our introduction of “e-mesh moderno”, we can easily monitor changes in temperature and humidity inside the warehouse and achieve meticulous temperature and humidity management. Going forward, by accumulating data we will be able to carry out verifications targeting optimal freshness management tailored for each type of food.”

Sanden and the Environment

In the Sanden Group's "Third Medium-Term Basic Policy on the Environment," which was prepared in fiscal 2014, Sanden has taken initiatives for four Green Strategies: Green Technologies, Green Management, Green Processes, and Green Communication.

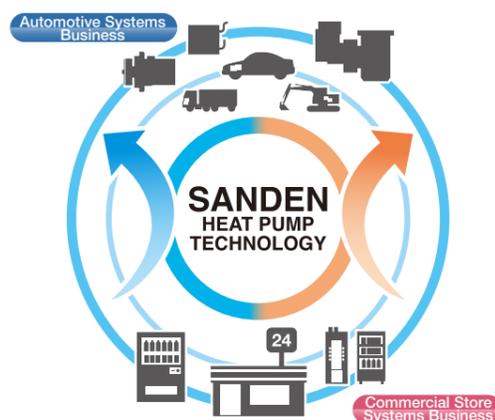
Green Technologies

The Sanden Group is 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."

In the Automotive Systems Business, in addition to the development of technologies to make the equipment more compact, lighter in weight, and more efficient, Sanden became the first in the world to realize mass production of variable compressors that use CO₂ as a refrigerant because it has a small global warming coefficient and does not destroy the earth's ozone layer. Furthermore, it has developed highly efficient automobile air-conditioning systems utilizing heat pump technologies. Note that the goal regarding making products lighter in weight could not be achieved in the product environment indicators of in-house indexes that measure the environmental contribution of the products; so, the objective attainment rate for the indicators was 95%.

In the Commercial Store Systems Business, Sanden has expanded its lineup and introduced freezing and refrigerating showcases as well as vending machines with CO₂ as the refrigerant.

Use of Sanden Technologies Is Spreading Globally



Furthermore, in order to be able to respond to the diversification in the tastes of our customers, we have established "HOT & COLD foam" foamed milk cooking technologies that are "based on technologies developed in-house," "meticulous," "shining," and have "variable foam density," and have developed and introduced coffee vending machines that can provide such new milk products as a high-quality latte menu, and are environmentally friendly.

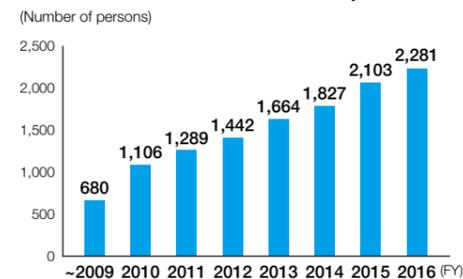
Green Management

As activities to support environmental management that realizes the management policy "To create corporate value by the environment," Sanden is promoting the practice of environmental management based on ISO 14001, the training of personnel who have an environmental "mind," and environmental activities with the participation of everyone.

Environment problems have regional characteristics such as in China where environmental problems such as air pollution are becoming more serious and in Europe which is driving global chemical substance regulations. Therefore, in China, with the objectives of sharing the environmental activities in each business location, discussion for environmental risk solutions, and improving the environmental activity level of each business location to contribute to environmental issues solutions in China, Sanden held the First China Region Environmental Congress. Furthermore, in Europe as well, representatives of each business location and environmental officers gathered together to hold the First European Environmental Convention, adopted the Tinténiac Agreement named after the location of the congress, and confirmed the continuing environmental improvement activities.

Domestically, the Tokai/Hokuriku Branch has been certified as an Eco Business Site by the City of Nagoya. This certification is a manifestation of the fact that the management policy and environmental management have penetrated within the Group. Furthermore, as a part of fostering an environmental "mind," since 2009 when the management policy was announced, Sanden has been encouraging the 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, 178 people qualified as Eco People in fiscal 2016; so, a cumulative total of 2,281 Eco People are now developing environmentally conscious activities in daily operations.

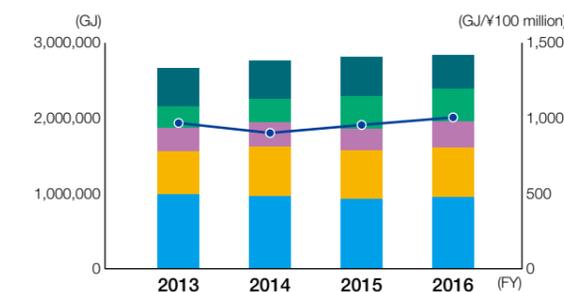
Trends in Sanden's Eco-Aware People



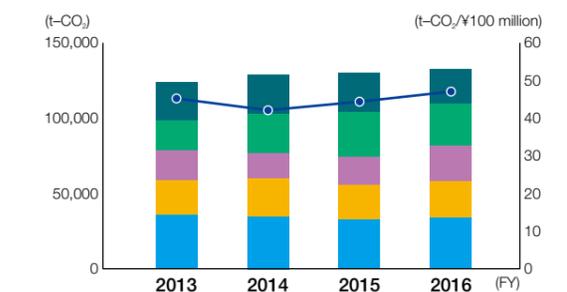
Green Processes

The Sanden Group has stipulated its "Medium-Term Basic Policy on the Environment," which covers the period through fiscal 2018 and is currently working, and is developing environmental activities at each business location. In fiscal 2016, in order to implement the PDCA cycle reliably, we introduced the global environmental information management system, and aimed to ascertain detailed changes in environmental data and conduct environmental management leading to improvement activities. Usage of energy was the same level as in the previous fiscal year, but, domestically, the basic sales unit worsened by 5%, compared to fiscal 2015 due to falling sales and the impact of the exchange rate. Working toward attainment of the Medium-Term Basic Policy on the Environment, Sanden has been promoting productivity improvements, revision of energy use, upgrades to energy-saving devices, etc., and organized improvement committees, etc. at the business locations to advance operational quality improvements seen from the perspective of energy use.

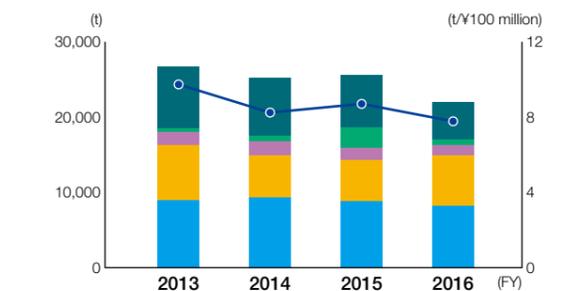
Trends in Energy Usage by Region



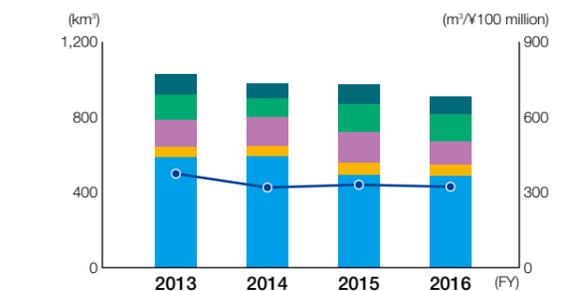
CO₂ Emissions by Region



Trends in Waste Emissions by Region



Trends in Water Usage by Region



■ Americas ■ China ■ Asia-Pacific ■ Europe ■ Japan ● Basic consolidated sales unit

Green Communication

Based on the "Biodiversity Policy," which was prepared in 2014, as one corporate citizen Sanden is actively participating in local environmental preservation activities. Here, we introduce a variety of initiatives at each global business location.

Biodiversity Policy

Basic Approach

The Sanden Group is aware of the impact that business activities have on the ecosystem and develops activities aimed at "harmonious coexistence of industry and the environment" to contribute to the realization of a sustainable society.

Initiatives

1. Promote business activities that enable people and nature to co-exist
2. Actively use resources taking into consideration the ecosystem
3. Collaborate and cooperate with local communities and carry out activities from a global perspective
4. Develop environmental education activities for learning about the blessings of nature
5. Communicate the outcomes of activities widely to stakeholders

Established in April 2014

Initiative 1

Sanden is actively participating in tree-planting and environmental improvement activities, such as Green Wave* activities.



Forest improvement activities in Sanden Forest



Tree-planting activities by the personnel

* Green Wave is a global campaign for thinking about biodiversity that begins with the planting of trees.

Initiative 2

Sanden conducts "Environmental Originality" activities, which involve developing original environment-related initiatives tailored to the current situation in local communities and at each business location.



Composting of food waste at the plant in France



Cleaning activities by employees in Taiwan and their families

Initiative 3

The Sanden Forest/Akagi Plant, the Sanden Group's symbol of its environmental activities, celebrated the 15th anniversary of its establishment. The Company held a variety of events, and there have been approximately 15,000 visitors a year. Furthermore, at the "Civil Engineering Design Prize 2016" hosted by the Japan Society of Civil Engineers, the preparation of the site of the Sanden Forest/Akagi Plant using close-to-nature construction methods was highly praised, and the Nishinohon Institute of Technology and other related organizations involved in the preparation received the award for excellence.



The Sanden Forest/Akagi Plant created using close-to-nature construction methods

Attainment of Medium-Term Basic Policy on the Environment Targets since FY2016

This table summarizes (a) Medium-Term Basic Policy on the Environment Ending FY2018; (b) Policy Targets Set in FY2016; and (c) Attainment of Targets Since FY2016

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

Basic Strategy	(a) Medium-Term Basic Policy on the Environment Ending FY2018	(b) Policy Targets Set in FY2016	(c) Attainment of Targets since FY2016*
Green Technology	All mass-produced products meet product environment indicators (Goals are set by product)	Product environmental indicators of 0.9 or less with newly developed models (environmental performance comparison with applicable models)	B
		Reduce environmental burden in use of products through application of innovative technology	A
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.)	<ul style="list-style-type: none"> ● Reduce CO₂ emissions per unit of sales by 9% in comparison with fiscal 2013 ● Total emissions not to exceed actual for fiscal 2015 	C
		<ul style="list-style-type: none"> ● Reduce emissions of waste per unit of sales by 9% in comparison with fiscal 2013 ● Total emissions not to exceed actual for fiscal 2015 	A
		<Japan business locations and domestic Group companies> <ul style="list-style-type: none"> ● Maintain recycling ratio of 99% or more (zero emissions) 	A
		<ul style="list-style-type: none"> ● Reduce water usage per unit of sales by 2% in comparison with fiscal 2013 ● Total emissions not to exceed actual for fiscal 2015 	A
		<Japan business locations> <ul style="list-style-type: none"> ● Reduce emissions of harmful chemical substances per unit of sales by 5% in comparison with fiscal 2015 	A
		<Japan> <ul style="list-style-type: none"> ● Reduce energy usage per unit by 1% or more (in comparison with fiscal 2015) 	B
Green Management	Level of attainment of environment activities at all sites: A or higher	Implementation of assessments of environmental activity levels and feedback to business locations	A
		Strengthen implementation of environmental policy and environmental management	A
		Heighten awareness through implementation of environmental education	A
Green Communication	Global development of biodiversity activities Getting external assessments	Participate in environmental preservation activities as a corporate citizen	A
		Revision of activities using the questionnaire and environmental assessment results	A
		Move higher in the Nikkei rankings for environmental management	A

The fiscal 2016 performance is available on the Company's website.

One of the tenets of the Management Principles of the Sanden Group is “Satisfy our customers’ needs with high-quality products.” We practice our “Customer First” approach by continuing to offer them attractive products, systems, and services at all times.

Implementing STQM Activities Aimed at Quality Improvement

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. To provide Sanden customers around the world with high-quality products as quickly as possible, the Sanden Group conducts its activities based on management to attain policy objectives, repeating the PDCA (plan, do, check, action) management cycle, and training of its human resources. In addition, Sanden conducts activities to innovate and improve its management by job type, job rank, and for specific business locations. Also, by expanding these activities throughout the Group as a whole, Sanden is endeavoring to become “global excellent companies.”



Four-pole Development Structure Close to Customers

The business and development departments work together and have adopted a four-pole development structure (Japan, Europe, North America, and Asia/China) in order to be close to the global market and customers. We actively roll out new product development based on new product and new technology proposals to customers and, at the same time, are rolling out a broad range of technology support globally, including materials technologies, reliability technologies, and production technologies.

Thorough Implementation of Improvement from the Perspective of Customers

In the 9th Administration, Sales, and Service Department, at the All Japan QC Circle Conference hosted by the Union of Japanese Scientists and Engineers and held in June 2016, the Times Square Circle of Sanden Retail Systems Corporation won the Gold Award of the President of QC Circle headquarters.* Furthermore, at the 46th All Japan QC Circle Conference held in November, the Hot Forging Circle of Sanden Automotive Components Corporation won the Silver Award of the President of QC Circle headquarters.*

* This is an award founded in 1971 for the purpose of spreading and revitalizing circle activities and improving the level of individual QC Circle activities. In accordance with the spirit of “the basis of the QC Circle,” it is conferred on QC circles that carry out activities that are an example to others.



Initiatives to Improve 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 implement customer satisfaction surveys, etc.

The Customer Service Center (in Japan) receives inquiries about products and service requests 365 days a year. Through these measures, the feedback from customers is communicated to the quality assurance departments in the manufacturing plants, and the content of the feedback is analyzed for the purpose of product improvement and new product development.

Sanden believes that providing human resources development and the proper working environment that encourages all employees to draw on their full capabilities will lead to corporate growth. 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.

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 highly motivated employees can conduct business activities globally. We are focusing on creating a work environment in which diverse employees with different countries, cultures, genders, careers, etc. can draw on their capabilities vibrantly in the 54 business locations in 23 countries and regions.



The basis of a company’s prosperity

Personnel Data

		(Numbers of employees)			
		FY2013	FY2014	FY2015	FY2016
Women	Total number of employees	2,414	2,407	2,394	2,304
	Employees	273	279	284	298
	Corporate officers	0	0	0	1
	Managerial personnel	4	10	12	10
	Leadership roles	5	4	16	18
	Number of foreign nationals hired (new graduates)	3	2	1	5
	Employees with disabilities	66 (2.18%)	73 (2.46%)	80 (2.64%)	91 (3.27%)

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. The figures in parentheses () are the percentage of disabled employees.
5. Includes the number and percentage of disabled persons employed in specific-purpose companies

Promotion of Human Resources Development

Sanden Holdings Corporation and the seven business companies consider the basic spirit of human resources education that “human power” X “technological power” = “managerial power” to be our foundation, and we are consistently implementing “leadership education” as shared education from young people onwards.

Furthermore, we have education systems that support self-development, and specialized education that is implemented for each department and plant.

Increase the Ratio of Women in Management Positions

As of the end of March 2017, one woman was serving as a corporate officer, 10 were serving as managerial personnel, and a further 18 were in leadership roles. By job classes,

Sanden is implementing education for personnel in their third year after joining the Company and managerial personnel candidates for the next period, regardless of their gender. Furthermore, Sanden has partnered with Waseda Business School to ensure that women participate every year and take on new challenges in the “Business School: Regional Revitalization and Human Resources Development Program” that is being held for the purpose of developing future business leaders for the next generation, who will be the drivers of regional economic growth.

Promotion of Diversity Activities

In December 2016, the Sanden Group held the Sanden Diversity Forum 2016, with the objective of promoting and motivating diversity activities. The forum had the theme of “What is diversity considered from the perspective of management strategy?” and was divided into two parts, and was attended by approximately 130 people, including female leaders and female leader candidates for the next period and their immediate superiors. In addition, female personnel in remote business locations also participated by using tablet computers.



At the Communication Plaza (Horjio City)

Encouragement of Health and Safety Activities

Health and safety activities at the Sanden Group are carried out in cooperation with the people in charge of health and safety at each plant, business base, and Group company. Regarding the acquisition of the international OHSAS 18001 standard, since the beginning of acquisition in fiscal 2012, the acquisition has been completed at a total of 16 domestic business locations. Regarding the overseas business locations, the certification was newly attained at five business locations in fiscal 2012, six business locations in fiscal 2013, one business location in fiscal 2014, one business location in fiscal 2015, and two business locations in China and elsewhere in Asia in fiscal 2016, meaning that acquisition has been completed at 31 domestic and overseas business locations.

Sanden and our Suppliers/Sanden and our Shareholders and Investors

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. Furthermore, 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.

Holding G-CF* Conferences to Build Solid Relationships of Trust

G-CF 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.

A total of 162 representatives from 84 suppliers, consisting of 61 domestic companies and 23 overseas companies, participated in the February 2017 G-CF Conference. Awards were presented to 19 companies in recognition of their outstanding contributions, and two cooperating companies who achieved excellent outcomes in their engineering chain and the supply chain activities thereby contributing to Sanden's technology development and product competitiveness were given the Green Product Award (for the best proposal for environment-related technology) and the Green Process Award (for manufacturing excellence that is environmentally friendly), and their achievements were presented as examples of excellent cases.

* Stands for Global Create Future



Suppliers' awards ceremony at the 2017 Sanden G-CF Conference

Information Disclosure

Sanden issues quarterly reports in Japanese and English with the goal of promoting the understanding of the Group, Sanden's Corporate Philosophy, management strategy,



Suppliers
<http://www.sanden.co.jp/csr/disp.cgi?mode=detail&id=4&lang=en>
Shareholders and Investors
<http://www.sanden.co.jp/csr/disp.cgi?mode=detail&id=9&lang=en>

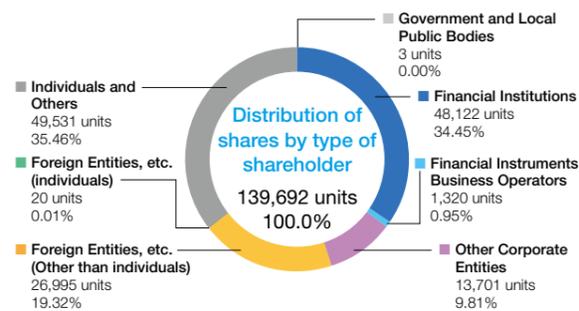
Corporate Mid-Term Plan, etc., and they are published on the Sanden website and in its Securities Report, etc. Sanden also gives presentations, to financial institutions and institutional investors, of performance results at the end of the second and fourth quarters, and the materials are posted on the Sanden website in Japanese and English. Going forward, Sanden will continue to enhance information disclosure in line with the purposes of Japan's Corporate Governance Code.

Communication with Shareholders and Investors

The 91st ordinary general meeting of shareholders was held in June 2017 at the Sanden Communication Plaza located in Honjo City, Saitama Prefecture. Sanden has installed display booths and presents the products of each business company in panels with the goal of promoting the understanding of the Corporate Mid-Term Plan and environmental growth areas of the Sanden Group among its shareholders. Furthermore, since 2014, Sanden has been holding a tour of the Company facilities for its shareholders after the General Meeting of Shareholders. In 2017, approximately 50 shareholders viewed the Sanden Forest/Akagi Plant, a factory in a forest that has realized "Harmonious Coexistence of Industry and the Environment." Small meetings for financial institutions and institutional investors were held 115 times during the year. To respond to the trust and expectations of shareholders, Sanden will continue working to promote further interactive communication.

Total Shares Issued and Composition of Shareholder Base

As of September 30, 2017, Sanden Holdings had a total of 140,331,565 shares issued and outstanding. The total number of stock trading units (with 1,000 shares each) was 139,692, and the total number of shareholders was 9,280.



* Effective from October 1, 2017, Sanden carried out a consolidation of Sanden shares by converting 5 shares to one share, and changed the number of shares per unit to 100 shares per unit.

Sanden and our Communities

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

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.

United States Exchanges with Middle-school Students from Japan

Beginning in fiscal 2013, Sanden International (U.S.A.), Inc. has arranged for mutual interchange meetings with middle-school students in Isesaki City, Gunma Prefecture where Sanden was founded, as a part of its human resources development. In fiscal 2016, 65 middle-school students studied about the global expansion of Sanden, and they deepened their understanding of a different culture as they communicated in English with the local (U.S.) staff while making ice cream.



Mutual interchange meeting participants

China Holding a DIY Contest to Deepen Understanding of Environmental Protection

Sanden Chongqing Automotive Air Conditioning Co., Ltd. (China) held a contest after having called for local children to submit their do-it-yourself (DIY) works related to environmental protection. A screening vote was held by the employees and their families to choose the most-outstanding work from among the 31 submitted.



Works submitted for the Environmental Originality activities, etc.

Italy Donation of Reconstruction Costs for a School Stricken by a Disaster

In February 2017, SandenVendo Europe S.p.A. (Italy) and the SandenVendo German Branch of Sanden International (Europe) Ltd. (Germany), together with the Sanden Group of

Japan and other organizations, donated 22,231 euros to the Colonio City Hall, in order to support the region afflicted by the central Italy earthquakes, and of that amount 10,000 euros donated by the Sanden Group was used for the reconstruction costs for a school in Amatrice.



The employees in Italy, who delivered the donation

Philippines Participation in Tree-planting Activities

In March 2017, Automotive Air-conditioning Technology Philippines, Inc. (Philippines) donated 110 trees to the tree-planting activities organized by the Philippines City Environment & Natural Resources Office (CENRO) and the employees participated in the tree planting.



The employees who participated in the tree-planting activities

Japan Great East Japan Earthquake Revival Project

In March 2017, a certificate of appreciation was delivered from Higashi-Matsushima City, Miyagi Prefecture to Sanden to recognize the Company's continued support over five years for the Afan Earthquake Revival Project. This project has worked on assistance for reforestation and psychological care for people in the afflicted region.



Certificate of appreciation from Higashi-Matsushima City, Miyagi Prefecture

Web

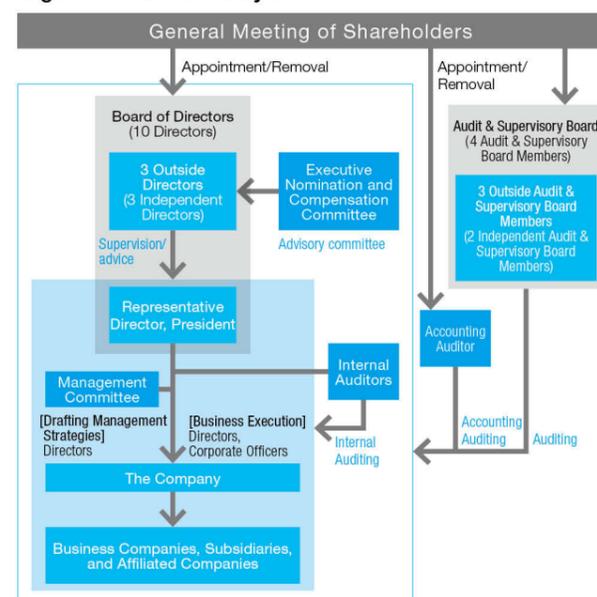
Corporate Governance
<http://www.sanden.co.jp/csr/Disp.cgi?mode=detail&id=1&lang=en>
Compliance
<http://www.sanden.co.jp/csr/Disp.cgi?mode=detail&id=2&lang=en>

The Sanden Group strictly complies with all relevant laws and regulations, based on its Management Principles, and is working to strengthen its corporate governance systems to enhance the quality of its management. The Sanden Group positions rigorous legal and regulatory compliance as a top management priority both with respect to Sanden Group units in Japan and elsewhere throughout the world. A range of initiatives are ongoing to ensure that all Directors and employees act in compliance with all relevant laws.

Corporate Governance

Employing the “company with auditors” model based on Japan’s Corporate Law, Sanden has created a corporate governance system that includes a Board of Directors, Audit & Supervisory Board Members, Audit & Supervisory Board, and Accounting Auditor. In addition, with the aim of securing the transparency and objectivity of management, Sanden has also established the Executive Nomination and Compensation Committee as an advisory committee to the Board of Directors. The Board of Directors has 10 members, including 3 outside directors, while the Audit & Supervisory Board has 4 members, including 3 outside Audit & Supervisory Board Members. To strengthen management oversight functions, Sanden appoints fully independent Outside Directors and Outside Audit & Supervisory Board Members. Currently, Sanden’s 5 Outside Executives are certified as “independent” under the Securities Listing Regulations of the Tokyo Stock Exchange. By setting Directors’ terms to one year, Sanden has put in place a system to ensure management transparency and one that enables quick responses to changes in the market environment. Also, by adopting a corporate officer system, the Group aims to strengthen business execution functions and increase management efficiency. Moreover, the Management Committee and Board of Directors deliberate in a timely fashion on important matters in compliance and risk management. Furthermore, by putting in place internal and external hot lines as an internal reporting system, Sanden is working to strengthen risk management, corporate ethics, and legal compliance.

Organization Units and System



Compliance

Implementation of the Global Compliance Training

The Sanden Group is advancing the strengthening of compliance globally. We provided training for employees responsible for overseas subsidiaries, staff in North America, China, and Europe, and employees stationed overseas primarily about the differences between Japanese and overseas laws and regulations, anti-monopoly laws, bribery of foreign public officials, etc. Moreover, in March 2017, we implemented e-learning about anti-monopoly laws for all of the domestic personnel. In addition to this, in export management training, awareness was raised about the regulations of the Foreign Exchange and Foreign Trade Act and issues to be careful about when handling the equipment owned by the overseas affiliated companies.

Initiatives for Compliance Education

Meetings of the compliance officers and the harassment prevention committee have been regularized and were held four times during the year. The meetings of the compliance officers included training for the strengthening of compliance management, reports on the setting of compliance goals in each company and the status of those initiatives, and Group learning regarding compliance violations. Furthermore, the harassment prevention committee implemented harassment education every time it was held.

In fiscal 2016, Sanden implemented basic compliance education for 83 new employees and implemented education about the fundamentals of compliance, the Whistle-blower System, etc. 28 times for 642 managerial personnel in the domestic Group.

Review of Internal Rule System and Strengthening of Labor Compliance

In fiscal 2016, Sanden reviewed and revised the rules in the headquarters and the business companies. In order to strengthen the management of information for internal use only, Sanden held training about the importance of document management, etc. in the second half of the year (October to March). Furthermore, regarding labor management compliance, we provided education to our managerial personnel from September to December 2016.

Strengthening of the Security and Trade Management Structure

In fiscal 2016, Sanden expanded the scope of application of export management and worked to thoroughly implement and strengthen the procedures in each business company. Furthermore, we acquaint all employees with legal revisions, etc. and implement the related training, endeavoring to maintain an export management level that is unchanged from before.



Ms. Yamaguchi began her career in a research institute and then founded FEM Co., Ltd., in 2003. In addition to providing training, FEM conducts research and assessments related to the environment, CSR, biodiversity, and international certifications. In addition, at Control Union Japan, an international certification body, Ms. Yamaguchi is involved in a wide range of certification activities, focusing on international standards for sustainability that gives proper regard to the environment and society. Ms. Yamaguchi also serves as a director of the Japan Ethical Initiative, in addition to other positions at various organizations.

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

As times change, the value of corporations to society and the nature of their business also evolve. The Sanden Group has been engaged in sweeping structural reforms since August 2016 in pursuit of meaningful work. While taking action to improve and reform operations, the Group is taking bold steps again this year to achieve two-pronged growth in new markets as well as new technologies and products.

The Sanden Group has established the principle that “Sanden’s CSR activities fundamentally put its Corporate Philosophy into practice.” Its Automotive Systems Business and the Commercial Store Systems Business support individual lifestyles and broader society; more environmental technology is needed in these fields. Sanden was the first company in the world to build out a mass-production system for compressors that utilize natural CO₂ refrigerant for automotive air conditioning and begin delivering the compressors to the market in earnest. By providing the world with the technologies it needs, including a comprehensive temperature and humidity management system for the entire food distribution chain and by addressing growing cold-chain needs with e-mesh moderno, Sanden helps prevent environmental and social issues from arising.

Combining “energy-saving technologies” with its core technologies for “cooling and heating,” the Group contributes to the environment through “products.” Sanden endeavors to understand the environmental impact of its manufacturing activities by taking into account changes in environmental data, including at its overseas bases. While there is some room for improvement in terms of CO₂ emissions and other metrics, the Group is seeing results from its efforts to reduce waste emissions and water usage. I expect the Group to enhance its globally linked activities by creating energy and introducing new initiatives.

Moreover, Sanden continues to improve work conditions and train employees while focusing on the customer in all its activities,

taking care of its people by advancing diversity and work-life balance, while promoting women to management positions and leadership roles as well as hiring more people with disabilities. While restructuring, I believe the Sanden Group could make new discoveries and accelerate initiatives by documenting the actions being taken by its diverse employees around the world, guided by the “principle that a company is as good as the people it keeps,” while entrenching a corporate culture that facilitates work.

With ESG investment and sustainable development goals (SDGs) popular topics lately, companies are expected to disclose more visual information that is useful for making investment decisions. In this context, the relationships of trust that Sanden has built through the Global Create Future (G-CF) Conference should strengthen its foundation for responsible procurement and business activities while avoiding environmental and social risk throughout the supply chain. The Sanden Group reports on its website and in printed reports information about its CSR business practices, including at the Sanden Forest/Akagi Plant, and contributions to local communities in Japan and foreign countries. In order to further improve the transparency and objectivity of management, as well as enhance relations with shareholders and other stakeholders, I believe the Sanden Group could work harder to spread awareness of its procurement policies and decision criteria, which should lead to a better relationship with society through its business activities.

The Sanden Group promotes activities aimed at “harmonious coexistence of industry and the environment” to contribute to the realization of a sustainable society. Amid constant change, Sanden aims to build bridges to a better future for society while preserving the natural environment. I hope the Sanden Group pioneers a new era of stewardship by spreading its world-class environmental technologies around the world.

Comment on the Third-Party Opinion Regarding Sanden’s 2017 CSR Report

I would like to extend our gratitude to Ms. Manami Yamaguchi, representative director of FEM Co., Ltd., for her valuable opinions about the CSR activities of the Sanden Group, as well as her positive evaluation of the Sanden Group’s initiatives in its established priorities of the environment and people.

In fiscal 2017, we launched a Corporate Mid-Term Plan grounded in management policies to achieve the next stages on growth based on the “environment”, utilizing our global strengths and quality capabilities.

With regard to the environment, the Group has positioned as a key priority the concentration of management resources to growing environment-related fields, centered on new technologies, products, and markets, based on the Corporate Mid-Term Plan. The Group is well positioned to contribute more to the realization of a sustainable society.

Regarding people, as a corporation with a presence in 23 countries and regions overseas, Sanden aims to spread its philosophy around the world while advancing reforms to work styles with the ultimate aim of creating a work environment that draws out the best of each and every employee.

In 2018, the Sanden Group will celebrate the 75th anniversary of its founding. With an eye on becoming a 100-year company, Sanden will endeavor to improve information disclosure and remain a company trusted by society.



Ryuhei Ushikubo
 Senior Director, General Manager of Administration and Human Resource Division