

Corporate Governance/Compliance

Corporate Governance

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Compliance

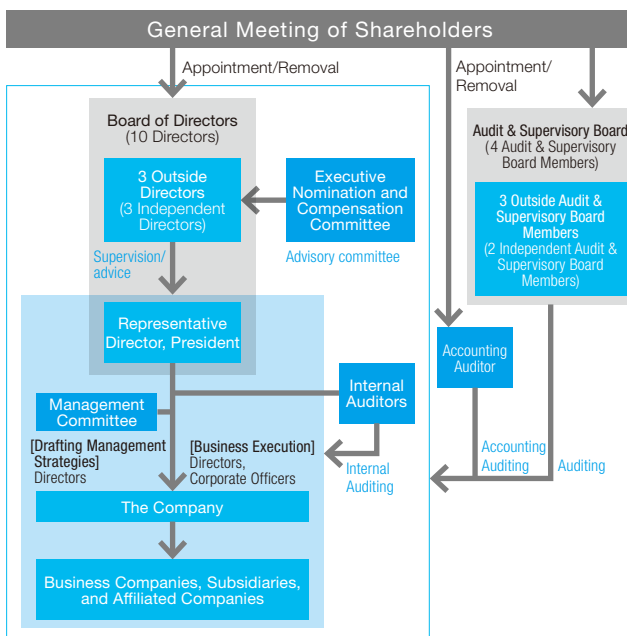
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The Sanden Group strictly complies with all relevant laws and regulations, based on its Management Principles, and is working to strengthen its corporate governance systems to enhance the quality of its management. The Sanden Group positions rigorous 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.