

Corporate Governance

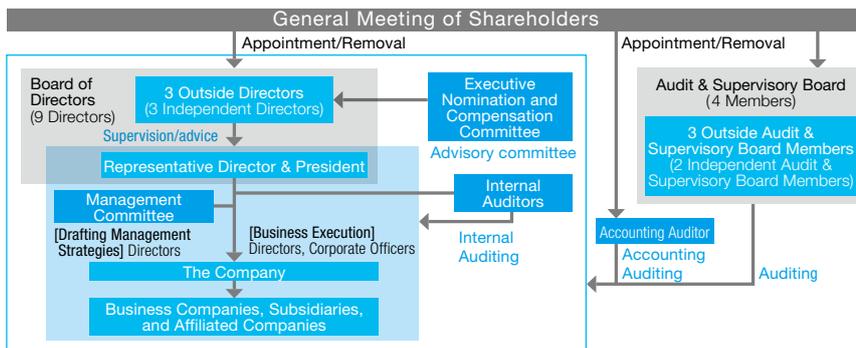
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Fundamental approach to corporate governance

The Sanden Group strictly complies with all relevant laws and regulations based on its Corporate Philosophy, and is focused on improving corporate governance to improve the quality of its management, in areas such as fairness, transparency and efficiency. We are working to improve corporate value over the mid-term and ensure sustained growth while using rapid decision making to expand our role in society and fulfill our role as the “global excellent company” outlined in our global vision.

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 term of office for directors being one year ensures management transparency and creates a system capable of responding quickly to change. Moreover, the introduction of an executive officer system streamlines management and bolsters functions related to the execution of business.

Organization Units and System



Corporate governance initiatives

May 2017	Announcement of Corporate Mid-Term Plan
August 2017	Establishment of Executive Nomination and Compensation Committee
2018 Feb–Apr	Fiscal 2017 evaluation of Board of Directors effectiveness
June 2018	Implementation of corporate governance code revisions

Compliance

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Fundamental approach to compliance

The last year saw a number of companies make the news for their corporate improprieties. This underlines the need to reaffirm the importance of compliance. Against this backdrop, the Group sought to assure profitability and improve corporate value over the mid-term through effective compliance management and strict adherence to all laws and international regulations. To ensure that all Group officers and employees practice compliance in their daily activities, we have established a code of conduct based on our corporate philosophy that all employees should follow in a socially conscious manner, and have implemented a variety of compliance-related initiatives.

The Sanden Group is promoting the strengthening of our compliance system on a global basis, placing one legal representative in Europe in fiscal 2016 and one in the China/Asia region in fiscal 2017. We began regularly scheduled information exchange meetings between Europe and our head office in May 2017. So as to better understand compliance issues in each area of operation, we launched regular meetings with our China/Asia region personnel in March 2018. We are also working to improve the speed of policy development with the establishment of a system that quickly brings important matters relating to overseas compliance to managers meetings and board of directors meetings.

We have continued to bolster our compliance system since fiscal 2011, revising the harassment prevention committee and the compliance officer meetings in fiscal 2016 and restructuring regulations, systems and the training system in fiscal 2017. In regard to regulations, we devised global compliance rules based on inspections and audits after getting a good grasp on the situation in Europe and China/Asia. We restructured our systems after a review of current conditions. Finally, in addition to establishing overseas legal representatives, management and business operators at domestic affiliates, we also conducted training targeted to each level in the organizational hierarchy.

Compliance system

