



## Fundamental Approach to Corporate Governance

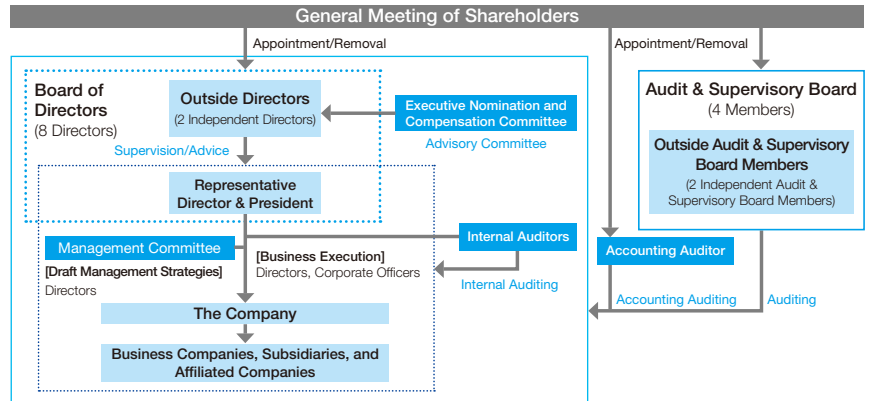
Since its founding in 1943, the Sanden Group's corporate culture has been guided by the principles set out in its founding spirit, "Let us develop with wisdom and prosper in harmony." In addition, the Corporate Philosophy, adopted in 2003 that outlines the "universal values shared by the global community" and the "basic stance toward stakeholders," has spread broadly throughout the Group. Based on the Corporate Philosophy, we are working on corporate governance from the standpoint of enhancing management quality in areas including fairness, transparency, and efficiency of management.

Under the Group's new vision to "Open up a new era and become a company that is trusted by all the people so that we will be able to create an enriched society in which environment and comfort are harmonized," we will steadily execute the Mid-term Management Plan and create new corporate value.

## Corporate Governance Initiatives

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.

Of the eight directors that make up the board of directors, two are outside directors. This system is expected to deliver management accountability, strengthen supervisory functions, and ensure the objectivity of governance.



# Compliance



## Fundamental Approach to Compliance

Interest in corporate governance and compliance has been growing continuously. As part of the preamble for our Corporate Philosophy, which indicates the starting point for Group behavior, we stipulated compliance with laws and international rules, and established "conducting corporate activities in a spirit of sincerity and fairness based on a strong sense of ethics" as one of the basic principles.

Compliance is one of the most critical management undertakings for the Group, which is why we are committed to advancing multiple initiatives to ensure that all business activities are conducted with compliance as their basis.

## Compliance Initiatives

We stated "Establish a Global Compliance Framework" as our global policy for fiscal 2020, and formulated the global annual plan and annual plans for each company based on this statement. In addition to ongoing activities that ensure compliance with anti-monopoly laws, the core of the annual plans focus on strengthening bribery and corruption prevention, trade secret protection, and intellectual property protection on a global basis.

