

## The Sanden Group will observe Applicable Laws, Regulations, and Rules.

### ■ Fundamental Corporate Governance Policies

Sanden's Founding Spirit, "Let Us Develop with Wisdom and Prosper in Harmony," has fostered a corporate culture that has sustained its dynamism. In 2003, we established our Corporate Philosophy-which includes "Basic Principles (Universal Values Shared by the Global Community)" and "Basic Stance toward Stakeholders." Both in Japan and overseas, we are relentlessly and proactively striving to increase our corporate value while also further improving compliance performance throughout our business operations and achieving additional increases in management efficiency and transparency.

Our corporate governance systems reflect the nature of our operations, history, culture, and other defining characteristics of Sanden. We have examined from many angles different ways to establish a corporate governance system that is best suited to the Sanden Group. The result is our current management structure and corporate auditor system, which we believe closely match our requirements. We have also adopted the executive officer system. This boosts management efficiency by separating the roles of management decision making and the execution of business operations. Furthermore, we have recruited an external director and

external auditors to make our management oversight functions more effective.

### ■ Recent Activities

#### Shortening of Directors' Terms

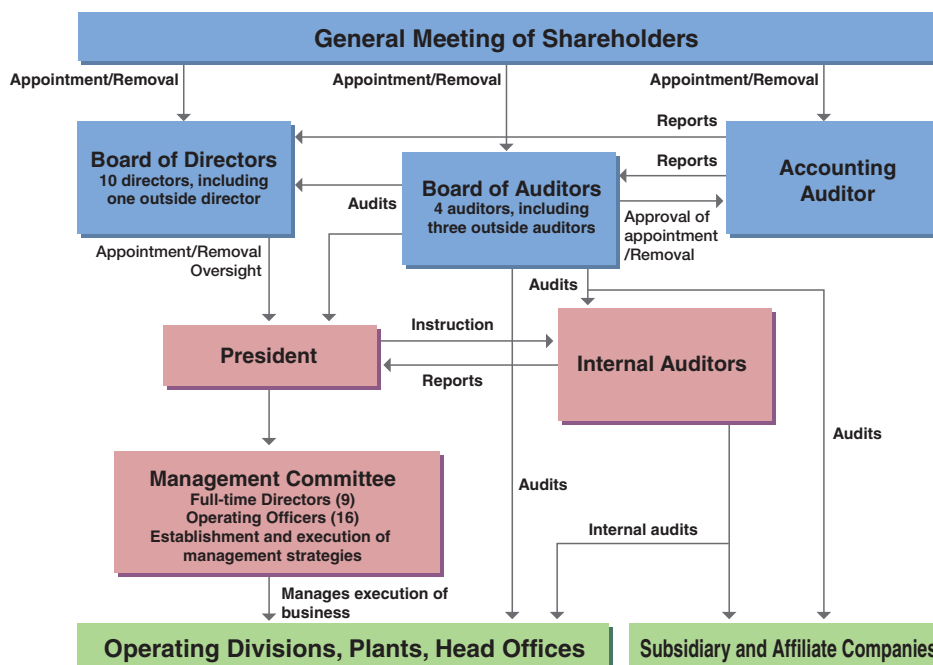
In 2008, we shortened the term of directors from two years to a single year. Because this requires directors to obtain the confidence and confirmation of the general meeting of shareholders each year, we expect it will promote still-greater management transparency.

#### Recruitment of Outside Directors

Since 2006, we have recruited an outside director with a perspective independent of that of Sanden's management team's perspective. The outside director is proactively monitoring and supervising the Company's management from a neutral standpoint.

#### Increase of Outside Corporate Auditors

In 2008, aiming to further strengthen the oversight of Sanden's management, we increased the number of outside corporate auditors by one. We currently have five corporate auditors, of which four are outside corporate auditors.



For more information about Sanden's corporate governance, please visit <http://www.sanden.co.jp/english/company/governance.html>.