

Corporate Governance

Basic Approach to Corporate Governance

SANYO believes that the improvement of corporate governance is essential for putting its management philosophy into practice and increasing corporate value. Therefore it is strengthening its internal control system based on sound management systems, and is striving for management transparency through suitable and timely information disclosure.

For SANYO, compliance is an important foundation for fulfilling its social responsibilities, and SANYO understands that thorough compliance is essential for the continuation of business activities. In addition to improving its own corporate governance, the Company is actively promoting compliance management throughout the Group. The SANYO Electric Group Principles of Conduct have been established as a policy that must be followed by all group executives and employees in their any corporate activities. It requires them to not only observe all relevant laws and in-house rules, but also to comply with a wide range of corporate ethics. A specific code of conduct has also been established in order to carry out the Principles of Conduct, and the group executives and employees have been made well aware of this code.

Governance System

Board of Directors

As of June 2009, the Board of Directors comprises nine directors, two of whom are outside directors.

The Company holds a regular monthly meeting of the Board of Directors. The resolution of certain important matters requires the approval of more than two-thirds of the total Board. To facilitate careful deliberation at such meetings and improve management efficiency, all members of the Board attend the Steering Committee meetings, which are held at least twice a month. The Steering Committee makes a preliminary review of items on the agenda for the meeting of the Board of Directors, and makes decisions regarding fundamental and important subjects relating to certain business matters.

Board of Auditors

Based on the Companies Act of Japan, the Company has a Board of Auditors. As of June 2009, the Board of Auditors comprises three corporate auditors, two of whom are outside corporate auditors.

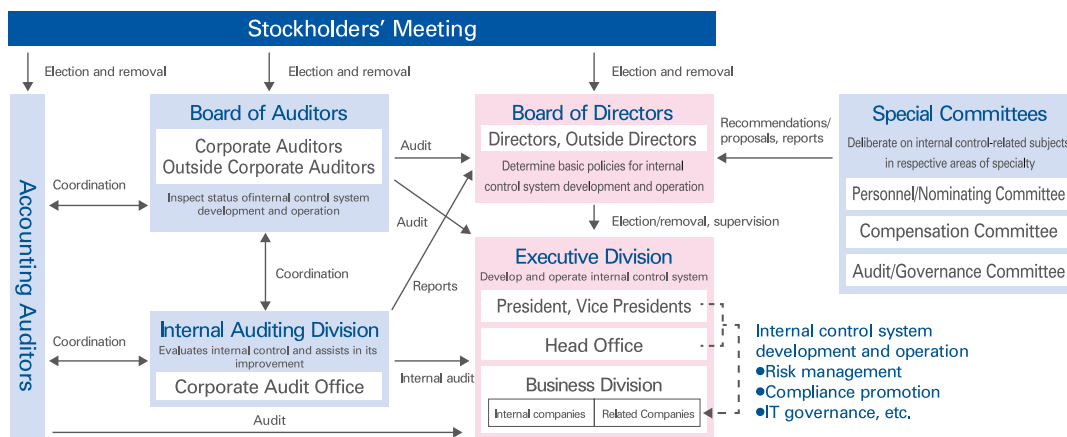
The Corporate Auditors of the Company attend Board of Directors' meetings and other important meetings, inspect important documents of decisions and receive reports from

internal audit sections and other relevant parties. Through these activities, the Corporate Auditors stringently monitor the performance of the members of the Board of Directors. The Corporate Auditors also inquire into the auditing policies and plans of the accounting auditors, and receive reports and explanations on the results of audits whenever they are performed, so as to ensure mutual coordination with the accounting auditors. Further, the Company holds regular financial review meetings that are attended by the accounting auditors, the Corporate Auditors, and accounting and finance-related departments in order to share information and identify and resolve any accounting issues

Special Committees

The Company has three Special Committees: the Personnel/Nominating Committee, the Compensation Committee, and the Audit/Governance Committee. With the inclusion of members who are outside experts, these committees discuss specialized matters relating to internal control, make recommendations and prepare report for the Board of Directors.

Management System and Internal Control System



Risk Management

To prevent material risks from occurring that may have an impact on business operations and to minimize the damage should such a risk become apparent, it is necessary to analyze the possibility of risk occurrence and be able to take corrective actions quickly to handle any risk occurrence. In addition to compliance promotion, SANYO has placed importance on risk management for the improvement and strengthening of its internal control system. Integrated risk management is being implemented for the entire group including consolidated subsidiaries.

Risk Management System

SANYO has designated one vice president as Chief Supervisor, and has set up a group-wide risk management office that supports the Chief Supervisor, in order to conduct risk management throughout the Group.

In fiscal 2008, a risk management system in accordance with JISQ2001 (the Japan Industrial Standards guidelines for building risk management systems) was introduced on a trial basis. The system was introduced on a permanent basis throughout the Group during fiscal 2009. Specifically, risk management is performed systematically and continuously to facilitate identification, evaluation, handling, and reexamination of risks at each division, according to the SANYO Electric Group Risk Management Policy. Past risk and response cases, such as large-scale disasters, health and safety accidents, and product quality problems, are put into a group database and shared on a special intranet site. This is done in order to realize rapid and effective risk response while preventing similar disasters or accidents.

SANYO Electric Group Risk Management Policies

(Established May 2007)

1. Basic Purposes of Risk Management
Basic purposes of risk management are to continue business due to reduction of loss in management resources and rapid restoration at occurrence of an emergency event and to increase the corporate value, by making appropriate response to risks which may have a significant effect on the operation of business.
2. Action Guidelines of Risk Management
 - (1) To try to maintain safety and health of company members and preserve management resources
 - (2) Not to damage safety and health and interest of those who are concerned
 - (3) To try to make a rapid and appropriate restoration in the event where any management resources are damaged
 - (4) To take responsible actions complying with laws and regulations and generally accepted ideas in the event where any risk event occurs
 - (5) To raise the society's valuation of the company through continuous risk management activities
 - (6) To reflect social need regarding risk on risk management

Compliance

SANYO regards compliance (the observing of applicable laws and internal rules and the acting on ethics) as an important basis for continuity of business operations. We established the SANYO Electric Group Code of Conduct and Ethics, to be applied to our executives and employees working at SANYO in Japan and all over the world. The Code of Conduct and Ethics provides guidelines for day-to-day work and other corporate activities from the perspective of compliance.

Compliance Promotion System

We have established a compliance promotion system, led by the Chief Supervisor (President of the Company) and the Compliance Officer (selected from among vice presidents of the Company). In addition, Compliance Leaders appointed by the Head Office, each internal company and each headquarters play a central role in promoting compliance efforts. Compliance Leaders ensure adherence to the Code of Conduct and Ethics and prevent violation of laws and regulations.

Compliance Promotion in Key Areas

SANYO has designated key compliance areas that require group-wide commitment. These key areas include compliance with antitrust law, export control, personal information protection, product quality and health and safety. For each of these key areas we have developed internal rules, according to which management is exercised.

Compliance Hotlines

For early detection of and response to compliance-related issues, we have installed Compliance Hotlines inside and outside the Company, as service desks to receive inquiries from and offer consultations to our employees. The contents of inquiries from and consultations to employees are reported to Chief Supervisor and Compliance Officer, however, based on the guidance, measures such as investigation and assistance for improvement are forwarded.



For detailed information on SANYO's corporate governance, access the following websites:

Corporate Governance

<http://sanyo.com/corporate/profile/governance.html>

Compliance / Risk Management

<http://sanyo.com/corporate/profile/compliance.html>