Corporate Governance Report

Last Update: December 4, 2015

JVC KENWOOD Corporation
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The corporate governance of JVC KENWOOD Corporation (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile, and Other Basic Information

1. Basic Views Updated

The Company believes that one of its most important management issues is to increase the transparency and efficiency of its management decision-making process and improve corporate value by strengthening corporate governance. To this end, we make it a basic policy to enhance our corporate governance through the establishment of a structure that calls for "the separation of management from the execution of businesses," "the appointment of External Directors and External Audit & Supervisory Board Members," and "the improvement of the function of checking by establishing an Internal Audit Division," thereby strengthening the Company's internal control system on a Group-wide basis.

The Company has established its basic views and policy for corporate governance, based on each of the principles of the Corporate Governance Code, as the "JVCKENWOOD Corporate Governance Policy" ("CG Policy").

[CG Policy: http://www.jvckenwood.com/en/corporate/governance/]

Reasons for Non-compliance with the Principles of the Corporate Governance Code Updated

Of the principles outlined by the Corporate Governance Code, the Company does not implement the following two principles.

1. Principle 3.1
Full disclosure

The Company does not implement the principle "Explanations with respect to individual appointments and nominations in the appointment of senior management and the nomination of candidates for Director and Audit & Supervisory Board Member," because the Company does not provide explanations regarding the reasons for individual appointments and nominations in the reference documents for the General Meeting of Shareholders and other documents at this time. However, the Company intends to provide an explanation regarding the reasons for individual appointments and nominations of all of the candidates at the next election, or at the reappointment of Directors and Audit & Supervisory Board Members.

2. Supplementary Principle 4.11.3
Analysis and evaluation of the effectiveness of the Board of Directors as a whole and disclosure of the summary of the results thereof

The Company does not conduct an analysis and evaluation of the effectiveness of the Board of Directors. However, the Company is preparing its method of analysis and evaluation, among other matters, and the necessary preparation for implementing such analysis and evaluation, along with disclosure of the results thereof.

Disclosure Based on the Principles of the Corporate Governance Code Updated

The Company makes the following disclosure based on the principles of the Corporate Governance Code. The Company has established its basic views and policy for corporate governance based on the principles of the Corporate Governance Code, as the CG Policy. For disclosure of some items regarding the principles of the Corporate Governance Code, please refer to each provision of the CG Policy.

[CG Policy: http://www.jvckenwood.com/en/corporate/governance/]

1. Principle 1.4
Strategic shareholdings
Please refer to Article 6 of the CG Policy.

2. Principle 1.7
Related-party transactions
Please refer to Article 7 of the CG Policy.

3. Principle 3.1
Full disclosure
Please refer to Article 15 and Paragraphs 1 through 3, Article 16 of the CG Policy.

4. Supplementary Principle 4.1.1
Specification of the scope and content of the matters delegated to management and disclosure of the summary thereof
Please refer to Paragraph 5, Article 14 of the CG Policy.

5. Principle 4.8
Effective use of Independent External Directors
The Company acknowledges that appointing Independent External Directors will enhance the function of the Board of Directors, from the viewpoint of the common interests of the shareholders, the fiduciary responsibility to the shareholders, and ensuring a diversity of external values. Of a total of eight Directors, the Company has three Independent External Directors who are appointed by resolution at the General Meeting of Shareholders.

We ensure opportunities for these three Independent External Directors to gain a deep understanding of the status of the Company by holding discussions with the other five Directors who serve concurrently as Executive Officers, providing explanations regarding the Company's business content, and conducting inspections of the major business sites of the Company. The Company regards the balance in the composition of the Board of Directors between Directors concurrently serving as Executive Officers and Independent External Directors to be appropriate, at this time.

6. Principle 4.9
Independence standards and qualifications for Independent External Directors
Please refer to Article 18 of the CG Policy.

7. Supplementary Principle 4.11.1
View on the appropriate balance between knowledge, experience, and skills of the Board of Directors as a whole, and also on diversity and appropriate board size
Please refer to Paragraph 4, Article 16 of the CG Policy.

8. Supplementary Principle 4.11.2
Disclosure of the status of the concurrent holding of position of Directors and Audit & Supervisory Board Members
Please refer to Paragraph 1, Article 21 of the CG Policy.

9. Supplementary Principle 4.11.3
Analysis and evaluation of the effectiveness of the Board of Directors as a whole and disclosure of the summary of the results thereof
The Company does not implement this supplementary principle at this time. For details, please refer to "Reasons for Non-compliance with the Principles of the Corporate Governance Code, 1. Basic Views," above in this report.

10. Supplementary Principle 4.14.2
Disclosure of the training policy of Directors and Audit & Supervisory Board Members
Please refer to Article 22 of the CG Policy.

11. Principle 5.1
Policy for constructive dialogue with shareholders
Please refer to Article 4 of the CG Policy.

2. Capital Structure

Percentage of Foreign Shareholders	30% or more

Status of Major Shareholders

Name/Company Name	Number of Shares Owned	Percentage (%)
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	7,243,603	5.21
Japan Trustee Services Bank, Ltd. (Trust account)	4,897,400	3.52
Japan Trustee Services Bank, Ltd. (Trust account 9)	4,202,000	3.02
DENSO CORPORATION	4,171,000	3.00
The Master Trust Bank of Japan, Ltd. (Trust account)	3,761,400	2.70
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	3,339,000	2.40
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	3,132,736	2.25
GOLDMAN SACHS INTERNATIONAL	2,433,585	1.75
The Dai-ichi Life Insurance Company, Limited	1,852,268	1.33
JAPAN SECURITIES FINANCE CO., LTD.	1,774,400	1.27

Controlling Shareholder (Except for Parent Company)	—
Parent Company	None

Supplementary Explanation

1. The Company received copies of the large-shareholdings report and other items dated July 7,

2014, from Nomura Securities Co., Ltd. It has been reported that the number and ratio of shareholdings as of June 30, 2014 were the same as described in the large-shareholdings report and other items. However, the Company was unable to confirm the actual state of shareholdings of Nomura Securities as of the end of the fiscal year ended March 31, 2015; therefore, its name is not included in the Status of Major Shareholders table shown above. The large-shareholdings report and other items are disclosed as necessary.

2. The Company received copies of the large-shareholdings report and other items dated October 7, 2014, from Mizuho Bank, Ltd. It has been reported that the number and ratio of shareholdings as of September 30, 2014 were the same as described in the large-shareholdings report and other items. However, the Company was unable to confirm the actual state of shareholdings of Mizuho Bank as of the end of the fiscal year ended March 31, 2015; therefore, its name is not included in the Status of Major Shareholders table shown above. The large-shareholdings report and other items are disclosed as necessary.
3. The Company received copies of the large-shareholdings report and other items dated November 17, 2014, from Mitsubishi UFJ Financial Group, Inc. It has been reported that the number and ratio of shareholdings as of November 10, 2014 were the same as described in the large-shareholdings report and other items. However, the Company was unable to confirm the actual state of shareholdings of Mitsubishi UFJ Financial Group as of the end of the fiscal year ended March 31, 2015; therefore, its name is not included in the Status of Major Shareholders table shown above. The large-shareholdings report and other items are disclosed as necessary.
4. The Company received copies of the large-shareholdings report and other items dated December 4, 2014, from Sumitomo Mitsui Trust Bank, Limited. It has been reported that the number and ratio of shareholdings as of November 28, 2014 were the same as described in the large-shareholdings report and other items. However, the Company was unable to confirm the actual state of shareholdings of Sumitomo Mitsui Trust Bank as of the end of the fiscal year ended March 31, 2015; therefore, its name is not included in the Status of Major Shareholders table shown above. The large-shareholdings report and other items are disclosed as necessary.
5. The Company received copies of the large-shareholdings report and other items dated March 20, 2015, from Deutsche Securities Inc. It has been reported that the number and ratio of shareholdings as of March 13, 2015 were the same as described in the large-shareholdings report and other items. However, the Company was unable to confirm the actual state of shareholdings of Deutsche Securities as of the end of the fiscal year ended March 31, 2015; therefore, its name is not included in the Status of Major Shareholders table shown above. The large-shareholdings report and other items are disclosed as necessary.
6. The Company received copies of the large-shareholdings report and other items dated April 7, 2015, from JPMorgan Asset Management (Japan) Ltd. It has been reported that the number and ratio of shareholdings as of March 31, 2015 were the same as described in the large-shareholdings report and other items. However, the Company was unable to confirm the actual state of shareholdings of JPMorgan Asset Management (Japan) as of the end of the fiscal year ended March 31, 2015; therefore, its name is not included in the Status of Major Shareholders table shown above. The large-shareholdings report and other items are disclosed as necessary.

3. Corporate Profile

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-end	March
Type of Business	Electric appliances
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the	100 billion yen to less than 1 trillion yen

Previous Fiscal Year	
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	50 to less than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholders

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5. Other Special Circumstances Which May Have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems Regarding Decision Making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Structure of Organization	Company with an Audit & Supervisory Board

Directors

Maximum Number of Directors Stipulated in Articles of Incorporation	9
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Company Chairman (except when the Chairman also holds the post of President)
Number of Directors	8
Appointment of External Directors	Appointed
Number of External Directors	3
Number of External Directors Designated as Independent Directors	3

External Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Junichi Hikita	From Other Company								△			
Masanori Yoshikai	From Other Company								▵			
Yasuyuki Abe	From Other Company								△			

* Categories for "Relationship with the Company":

"○" When the Director currently falls or has recently fallen under the category

"△" When the Director fell under the category in the past

"●" When a close relative of the Director currently falls or has recently fallen under the category
"▲" When a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive Director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the Company or an executive thereof
f. Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company other than compensation as a Director/Audit & Supervisory Board Member
g. Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)
i. Executive of a company, between which and the Company's External Directors/Audit & Supervisory Board Members are mutually appointed (the Director himself/herself only)
j. Executive of a company or an organization that receives a donation from the Company (the Director himself/herself only)
k. Others

External Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Junichi Hikita	○	President and Representative Director of Hikita Consulting Co., Ltd. The Company regards Mr. Hikita as independent because there is no relationship between Hikita Consulting Co., Ltd., where he concurrently holds office, and the Company, such as business transactions including donations, exchanges of directors or shareholdings. Although he has worked for ROHM Co., Ltd., which does have a business relationship with the Company regarding the purchase of components such as semiconductors for its products, it has been seven (7) years since he resigned as a Senior Corporate Advisor of that company. Currently, he has	Mr. Hikita has extensive experience and knowledge from his background in engineering and management. He also has been able to share his advice with management from a technical perspective, based on his professional expertise. Moreover, his advice and recommendations, when necessary, ensure the validity and appropriateness of the Board of Directors' decision making from an objective standpoint of a third party, independent from the business execution of the Group.

		no relationship with that company. The transactions between the Company and ROHM amounted to less than 1% of the consolidated net sales of the Company for the fiscal year ended March 31, 2015, and there were no transactions between ROHM and the Company regarding donations, exchanges of directors or shareholdings.	
Masanori Yoshikai	○	Advisor of Sumitomo Electric Industries, Ltd. Sumitomo Electric Industries, Ltd., where Mr. Yoshikai concurrently holds office, had a business relationship with the Company in the past regarding purchases and sales. Its transactions with the Company, however, amounted to less than 1% of the consolidated net sales of the Company at that time, and no transactions were recorded in the fiscal year ended March 31, 2015. In addition, the Company has no relationship including donations, exchanges of directors or shareholdings. Also the Ministry of Economy, Trade and Industry and the Japan External Trade Organization (JETRO), where he served as an executive, and Saitama University, where he served as a member of the faculty, have no business relationships, including donations, with the Company. Although they have had transactions with the Company regarding the purchase of its products, the transactions between the Company and each of these entities have amounted to less than 1% of the	Mr. Yoshikai's abundant experience, achievements, and insights as an engineer and manager benefit management. Moreover, his advice and recommendations, when necessary, ensure the validity and appropriateness of the Board of Directors' decision making from an objective standpoint of a third party, independent from the business execution of the Group.

		consolidated net sales of the Company. In addition, the National Institute of Advanced Industrial Science and Technology, where he served in the past as an executive, has no business relationship, including donations, with the Company. As a result of the above, the Company regards him as independent.	
Yasuyuki Abe	○	Advisor of Sumitomo Corporation There is no relationship between Sumitomo Corporation, where Mr. Abe concurrently holds office, and the Company, such as business transactions including donations, exchanges of directors, or shareholdings. SCSK Corporation (SCSK) and the Company have a business relationship for purchase related to the licensing use of software and other items, used for development of the Company's products, and the predecessors of SCSK included Sumisho Electronics Co., Ltd. and Sumisho Computer Systems Corporation, both at which he served previously as a management executive. However, it has been more than five years since he retired as President, CEO, and Representative Director of Sumisho Computer Systems. Currently, he has no relationship with SCSK, and the business transactions between SCSK and the Company for the fiscal year ended March 31, 2015 amounted to less than 1% of the Company's consolidated net sales. In addition, there are no relationships between SCSK and the Company,	Mr. Abe has been appointed as an External Director, as the Company expects his abundant experience, achievements, and insights as a manager with overseas experience in a number of industries, including electronics, machinery, and information, will benefit management. Moreover, his advice and recommendations, when necessary, ensure the validity and appropriateness of the Board of Directors' decision making from an objective standpoint of a third party, independent from the business execution of the Group.

		including donations, exchanges of directors, or shareholdings. For these reasons, the Company regards him as independent.	

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee Updated	Established

Committee's Name, Composition, and Attributes of Chairperson Updated

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination and Remuneration Advisory Committee	Nomination and Remuneration Advisory Committee
All Committee Members	3	3
Full-time Members	0	0
Directors	0	0
External Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	External Director	External Director

Supplementary Explanation Updated

The committees were set up as advisory committees composed of Independent External Directors with a view to enhancing the independence and objectivity of the function and accountability of the Board of Directors regarding the nomination of and remuneration to Directors, Audit & Supervisory Board Members, and Executive Officers.

Audit & Supervisory Board Members

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	6
Number of Audit & Supervisory Board Members	3

Coordination Among Audit & Supervisory Board Members, Accounting Auditors, and Internal Audit Division

All the Audit & Supervisory Board Members including External Audit & Supervisory Board Members perform management audits by themselves, attend Board of Directors' meetings, obtain the results of internal audits performed by the Corporate Audit Office in relation to the Group's overall business operations, and exchange and confirm relevant information by holding

meetings with the Corporate Audit Office whenever necessary. If there is a sign of fraud, or other misdeeds committed by management, the Corporate Audit Office is required to report it to Audit & Supervisory Board Members in accordance with the internal rules.

At the Audit & Supervisory Board meeting, the results of accounting audits performed by Accounting Auditors are regularly reported to Audit & Supervisory Board Members, with an aim to ensuring more effective audits through mutual cooperation.

Appointment of External Audit & Supervisory Board Members	Appointed
Number of External Audit & Supervisory Board Members	2
Number of External Audit & Supervisory Board Members Designated as Independent Audit & Supervisory Board Members	2

External Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Akihiko Washida	From Other Company										△			
Shojiro Asai	From Other Company										△			

* Categories for "Relationship with the Company":
"○" When the Audit & Supervisory Board Member currently falls or has recently fallen under the category
"△" When the Audit & Supervisory Board Member fell under the category in the past
"●" When a close relative of the Audit & Supervisory Board Member currently falls or has recently fallen under the category
"▲" When a close relative of the Audit & Supervisory Board Member fell under the category in the past

a. Executive of the Company or its subsidiary
b. Non-executive Director or accounting advisor of the Company or its subsidiaries
c. Non-executive Director or executive of a parent company of the Company
d. Audit & Supervisory Board Member of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company other than compensation as an Audit & Supervisory Board Member
i. Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)
k. Executive of a company, between which and the Company's External Directors/Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)

l. Executive of a company or an organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
m. Others

External Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Akihiko Washida	○	Mr. Washida has been employed by Sony Corporation and Mitsui High-Tec, Inc. The Company has a business relationship with Sony. Through distributors, the Company purchases semiconductors and other components manufactured by Sony for use in the Company's products. However, the Company has judged that he is independent on the grounds that more than 10 years have passed since his retirement from Sony and that he currently has no relationship with the firm; that business transactions with Sony accounted for less than 1% of the Company's consolidated net sales for the fiscal year ended March 31, 2015 and therefore do not fall under major transactions for either the Company or the firm; and that the Company has no business relationship with Mitsui High-Tec nor a shareholding relationship with either Sony or Mitsui High-Tec.	Mr. Washida contributes to the enhancement of the Company's audits and provides advice from time to time to the Board of Directors and the Audit & Supervisory Board regarding their proposals, deliberations, and other activities from an objective viewpoint of a third party independent from the Group, based on his abundant experience, achievements, and insights in management and business administration.
Shojiro Asai	○	Advisor of Rigaku Corporation Mr. Asai has been employed by Hitachi, Ltd., Rigaku Corporation, and Hitachi Medical Corporation, as	Mr. Asai contributes to the enhancement of the Company's audits and provides advice from time to time to the Board of Directors and the Audit & Supervisory Board

		well as Japan Analytical Instruments Manufacturers' Association (JAIMA). The Company has a business relationship with Hitachi concerning the use of an electronic commerce support service. However, the Company has judged that he is independent on the grounds that more than 10 years have passed since his retirement from Hitachi and that he currently has no relationship with the firm; that business transactions with Hitachi accounted for less than 1% of the Company's consolidated net sales for the fiscal year ended March 31, 2015 and therefore do not fall under major transactions for either the Company or the firm; that the Company has no business relationship with Rigaku, Hitachi Medical, or JAIMA; and that the Company does not have a shareholding or capital relationship with either Hitachi, Rigaku, Hitachi Medical, or JAIMA.	regarding their proposals, deliberations, and other activities from an objective viewpoint of a third party independent from the Group, based on his abundant experience, knowledge, and professional expertise as an engineer and manager.

Independent Directors/Audit & Supervisory Board Members

Number of Independent Directors/Audit & Supervisory Board Members	5

Matters Relating to Independent Directors/Audit & Supervisory Board Members

The Company has designated all of its External Directors and External Audit & Supervisory Board Members as Independent Directors and Independent Audit & Supervisory Board Members who satisfy the qualifications therefor.

To ensure the effectiveness of the supervisory function of management based on experience, achievements, professional expertise, insights, and other attributes, as well as independence which can avoid conflicts of interest with general shareholders, the Company elects candidates for the position of External Director by confirming their business backgrounds and ensuring that they are not major shareholders of the Company or have never been engaged in the execution of business at the Company's main business partners based on its criteria and policies for independence set out in accordance with the "Guidelines for the Governance of Listed Companies," established by the Tokyo Stock Exchange. On June 19, 2015, the Company appointed Mr. Junichi Hikita, Mr. Masanori Yoshikai, and Mr. Yasuyuki Abe as External Directors.

Likewise, the Company elects candidates for the position of External Audit & Supervisory Board Member with the approval of the Audit & Supervisory Board, having undertaken similar confirmation of those for External Director. On June 26, 2012, the Company appointed Mr. Akihiko Washida and Mr. Shojiro Asai as External Audit & Supervisory Board Members.

Incentives

Incentive Policies for Directors	None

Supplementary Explanation

At the 1st Ordinary General Meeting of Shareholders held on June 24, 2009, a proposal to determine the remuneration for Directors and Audit & Supervisory Board Members was approved by resolution, setting the amount of monthly remuneration for Directors to up to 36 million yen (monthly remuneration for External Directors accounting for up to 4 million yen) and to up to 9 million yen for Audit & Supervisory Board Members. Therefore, the Company decides the remuneration for Directors within these limits at a meeting of the Board of Directors and those for Audit & Supervisory Board Members at a meeting of the Audit & Supervisory Board.

The amount of Directors' remuneration does not include their salaries if they are employees concurrently serving as Directors. The Company does not pay bonuses, retirement benefits, or other monetary remuneration other than the above remuneration to Directors and Audit & Supervisory Board Members.

With regard to the Directors concurrently serving as Executive Officers, their remuneration as Executive Officers is included in the compensation limits even though the portion varies according to the Company's business performance.

Recipients of Stock Options	

Supplementary Explanation

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Remuneration for Directors

Disclosure of Individual Directors' Remuneration	No individual disclosure

Supplementary Explanation

In the previous fiscal year (ended March 31, 2015), the amount of remuneration and other financial benefits paid as consideration for business execution to Directors and Audit & Supervisory Board Members (totaling 12) for the year was 310 million yen.

This breaks down to 276 million yen for nine Directors (with 31 million yen for four External Directors) and 34 million yen for three Audit & Supervisory Board Members (with 14 million yen for two External Audit & Supervisory Board Members).

Policy on Determining Remuneration Amounts or Calculation Methods Updated	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Please refer to Article 15 of the CG Policy for the policy on determining remuneration amounts or calculation methods.

[CG Policy: http://www.jvckenwood.com/en/corporate/governance/]

At the 1st Ordinary General Meeting of Shareholders held on June 24, 2009, a proposal to determine the remuneration for Directors and Audit & Supervisory Board Members was approved by resolution, setting the amount of monthly remuneration for Directors to up to 36 million yen (monthly remuneration for External Directors accounting for up to 4 million yen) and to up to 9 million yen for Audit & Supervisory Board Members. Therefore, the Company decides the remuneration for Directors within these limits at a meeting of the Board of Directors and the remuneration for Audit & Supervisory Board Members at a meeting of the Audit & Supervisory Board. The amount of Directors' remuneration does not include their salaries if they are employees concurrently serving as Directors. The Company does not pay bonuses, retirement benefits, or other monetary remuneration other than the above remuneration to Directors and Audit & Supervisory Board Members.

None of the Directors or Audit & Supervisory Board Members of the Company receives 100 million yen or more in consolidated remuneration.

The Company currently has no Directors who are concurrently employees of the Company.

Support System for External Directors and/or Audit & Supervisory Board Members

Information is delivered to External Directors and External Audit & Supervisory Board Members by members of the Secretary Office, the Auditing Office, and Secretariat of the Board of Directors, in a timely manner as needed. For example, the notice for matters to be discussed at Board of Directors' meetings and meeting documents are distributed by electromagnetic or other means in advance.

In addition, meeting documents for the Executive Officers Committee are distributed when needed, with a view to enhancing the supervisory function of business execution.

2. Functions of Business Execution, Auditing, Oversight, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

1. Basic Explanation of the Corporate Organizations

(1) Matters concerning the Board of Directors

Corporate decisions are made at the General Meetings of Shareholders, the highest decision-making body of the Company, regarding fundamental matters stipulated in the Companies Act. However, unless otherwise specified in laws and regulations, matters stipulated in each item of Paragraph 1, Article 459 of the Companies Act, including dividends of surplus, are determined by resolutions of the Board of Directors, instead of resolutions at the General Meetings of Shareholders, in accordance with the Articles of Incorporation to enable the formulation of flexible capital and dividend policies.

The Company shall regard the Board of Directors as the fundamental and strategic decision-making body, as well as the supervisory body for business execution. The Board of Directors shall have a regular meeting once a month and an extraordinary meeting as necessary to discuss and resolve basic policies and important matters relating to management, as well as supervise and monitor the status of business execution. Directors shall have a fiduciary responsibility to shareholders. The term of office of Directors is one year to ensure the clarification of their responsibilities and swift management decision making. The Board of Directors is composed of persons with diverse experience, achievements, professional expertise, and insights. The Board

of Directors shall also actively appoint External Directors to promote highly transparent decision making and take the initiative in corporate reform and governance.

(2) Matters concerning Directors

The Articles of Incorporation stipulate that the number of Directors shall be nine or less, and that resolutions for electing Directors at the General Meetings of Shareholders shall require the presence of shareholders holding one-third or more of the exercisable voting rights of shareholders and the majority of votes thereof. Moreover, no cumulative voting shall be accepted. Eight Directors were elected at the 7th Ordinary General Meeting of Shareholders held on June 19, 2015.

With a view to limiting the scope of liability assumed by Directors to reasonable levels, the Articles of Incorporation of the Company stipulate, pursuant to Paragraph 1, Article 426 of the Companies Act, to exempt Directors, including those who served in the past, from liability for damages due to negligence of duties, subject to approval by resolution at the Board of Directors, and to the extent permitted by laws and regulations.

To ensure the effectiveness of the supervisory function of management based on experience, achievements, professional expertise, insights, and other attributes, as well as independence which can avoid conflicts of interest with general shareholders, the Company elects candidates for the position of External Director by confirming their business backgrounds and ensuring that they are not major shareholders of the Company nor have ever been engaged in the execution of business at the Company's main business partners based on its criteria and policies for independence set out in accordance with the "Guidelines for the Governance of Listed Companies," established by the Tokyo Stock Exchange. On June 19, 2015, the Company appointed Mr. Junichi Hikita, Mr. Masanori Yoshikai and Mr. Yasuyuki Abe as External Directors.

Mr. Hikita has extensive experience and knowledge from his background in engineering and management. He also has been able to share his advice with management from a technical perspective, based on his professional expertise. Moreover, his advice and recommendations, when necessary, ensure the validity and appropriateness of the Board of Directors' decision making from an objective standpoint of a third party, independent from the business execution of the Group.

The Company regards him as independent because there is no relationship between Hikita Consulting Co., Ltd., where he concurrently holds office, and the Company, such as business transactions including donations, exchanges of directors, or shareholdings. Although he has worked for ROHM Co., Ltd., which does have a business relationship with the Company regarding the purchase of components such as semiconductors for its products, it has been seven (7) years since he resigned as a Senior Corporate Advisor of that company. Currently, he has no relationship with ROHM. The transactions between the Company and ROHM amounted to less than 1% of the consolidated net sales of the Company for the fiscal year ended March 31, 2015, and there were no transactions between ROHM and the Company regarding donations, exchanges of directors, or shareholdings.

Mr. Yoshikai's abundant experience, achievements, and insights as an engineer and manager benefit management. Moreover, his advice and recommendations, when necessary, ensure the validity and appropriateness of the Board of Directors' decision making from an objective standpoint of a third party, independent from the business execution of the Group.

Sumitomo Electric Industries, Ltd., where he concurrently holds office, had a business relationship with the Company in the past regarding purchases and sales. Its transactions with the Company, however, amounted to less than 1% of the consolidated

net sales of the Company, and no transactions were recorded in the fiscal year ended March 31, 2015. In addition, the Company has no relationship including donations, exchanges of directors, or shareholdings.

Also the Ministry of Economy, Trade and Industry and the Japan External Trade Organization (JETRO), where he served as an executive, and Saitama University, where he served as a member of the faculty, have no business relationships, including donations, with the Company. Although they have had transactions with the Company regarding the purchase of its products, the transactions between the Company and each of these entities have amounted to less than 1% of the consolidated net sales of the Company. In addition, the National Institute of Advanced Industrial Science and Technology, where he served in the past as an executive, has no business relationship, including donations, with the Company. As a result of the above, the Company regards him as independent.

Mr. Abe has been appointed as an External Director, as the Company expects his abundant experience, achievements, and insights as a manager with overseas experience in a number of industries, including electronics, machinery, and information, will benefit management. Moreover, his advice and recommendations, when necessary, ensure the validity and appropriateness of the Board of Directors' decision making from an objective standpoint of a third party, independent from the business execution of the Group.

There is no relationship between Sumitomo Corporation, where he concurrently holds office, and the Company, such as business transactions including donations, exchanges of directors, or shareholdings. SCSK Corporation (SCSK) and the Company have a business relationship for purchase related to the licensing use of software and other items, used for development of the Company's products, and the predecessors of SCSK, included Sumisho Electronics Co., Ltd. and Sumisho Computer Systems Corporation, both at which he served previously as a management executive. However, it has been more than five years since he retired as President, CEO, and Representative Director of Sumisho Computer Systems. Currently, he has no relationship with SCSK, and the business transactions between SCSK and the Company for the fiscal year ended March 31, 2015 amounted to less than 1% of the Company's consolidated net sales. In addition, there are no relationships between SCSK and the Company, including donations, exchanges of directors, or shareholdings. For these reasons, the Company regards him as independent.

The Company has designated Mr. Junichi Hikita, Mr. Masanori Yoshikai, and Mr. Yasuyuki Abe as Independent Directors and notified the Tokyo Stock Exchange of their appointments, pursuant to its provisions.

With a view to recruiting and retaining outstanding personnel as External Directors, the Articles of Incorporation of the Company stipulate, pursuant to Paragraph 1, Article 427 of the Companies Act, that the Company may enter into an agreement with an External Director to limit the liability for damages due to his/her negligence of duties within a certain level.

(3) Matters concerning Executive Officer System

The Company shall introduce an Executive Officer System under which the functions of business execution are divided, and management responsibility and business execution responsibility are clarified. In creating an environment to support the Executive Officer System, the Company shall develop internal rules of corporate governance and clarify the duties, authority, and responsibility of Directors, Executive Officers, and each division to facilitate appropriate risk-taking in business execution. Since June 19, 2015, eight Directors (including three External Directors) and 15 Executive Officers (five serving concurrently as Directors) have been performing their

duties.

The Board of Directors, which takes the initiative in corporate reform and governance, shall hold active discussions between External Directors as independent directors and Directors concurrently serving as Executive Officers to make decisions, and shall entrust the business execution to Executive Officers. In addition, the Chairman and Representative Director of the Board, who is a member of the Board of Directors, serves as the Chief Executive Officer (CEO), while the President and Representative Director of the Board serves as the Chief Operating Officer (COO). These individuals are responsible for both management oversight and business execution. According to the decisions made at meetings of the Board of Directors, the CEO chairs the Executive Officers Committee' meetings, while the COO is responsible for business execution.

The regional CEO structure initiated on May 14, 2014 was replaced on April 1, 2015 by a structure with five regional segments, under which a CEO position is established in China, in addition to the existing four regional segments: Americas, Europe, Japan, and Asia. By shifting to business operations employing market- and customer-oriented approaches that respond to core overseas businesses and growing professional businesses, the Company is shaping the outcomes of M&A and strategic alliances, and is accelerating the development of next-generation businesses, while concurrently expanding both domestic and overseas sales for its current businesses.

(4) Matters Concerning Audit & Supervisory Board

The Company adopts a company with an Audit & Supervisory Board framework as its organizational structure. Audit & Supervisory Board Members are responsible for the corporate audit function and their duties include attending Board of Directors' meetings and other important meetings, as well as holding Audit & Supervisory Board meetings, auditing the execution of Directors' duties, the business execution of the entire Group, and corporate accounting.

The Audit & Supervisory Board holds meetings once a month, and extra meetings as needed.

(5) Matters Concerning Audit & Supervisory Board Members

Since June 26, 2012, three Audit & Supervisory Board Members (including two External Audit & Supervisory Board Members) have performed their roles and responsibilities.

Mr. Takayoshi Sakamoto, an Audit & Supervisory Board Member, has approximately 11 years' service in the Finance & Accounting Division and other divisions of the Group and possesses considerable knowledge of finance and accounting.

With a view to limiting the scope of liability assumed by Audit & Supervisory Board Members to reasonable levels, the Articles of Incorporation of the Company stipulate, pursuant to Paragraph 1, Article 426 of the Companies Act, to exempt Audit & Supervisory Board Members, including those members who served in the past, from liability, subject to approval by resolution of the Board of Directors, for damages due to negligence of duties and to the extent permitted by laws and regulations.

To ensure the effectiveness of the supervisory function of management based on experience, achievements, professional expertise, insights, and other attributes, as well as independence, having no potential conflicts of interest with general shareholders, the Company nominates candidates for the position of External Audit & Supervisory Board Member, in principle, upon confirming their business backgrounds (i.e., confirming they have not been major shareholders of the Company or engaged in the execution of operations of any of the Company's main business partners) based on the Company's independence standards and policies, which are stipulated in the "Guideline for the Governance of Listed Companies" issued by the Tokyo Stock Exchange, with the approval of the Audit & Supervisory Board. On June 26, 2012, the Company appointed Mr. Akihiko Washida and Mr. Shojiro Asai as External Audit & Supervisory Board

Members.

Mr. Washida contributes to the enhancement of the Company's audits and provides advice from time to time to the Board of Directors and the Audit & Supervisory Board regarding their proposals, deliberations, and other activities from an objective viewpoint of a third party independent from the Group, based on his abundant experience, achievements, and insights in management and business administration.

Mr. Washida has been employed by Sony Corporation and Mitsui High-Tec, Inc. The Company has a business relationship with Sony. Through distributors, the Company purchases semiconductors and other components manufactured by Sony for use in the Company's products. However, the Company has judged that he is independent on the grounds that more than 10 years have passed since his retirement from Sony, and that he currently has no relationship with the firm; that business transactions with Sony accounted for less than 1% of the Company's consolidated net sales for the fiscal year ended March 31, 2015 and therefore do not fall under major transactions for either the Company or the firm; and that the Company has no business relationship with Mitsui High-Tec nor a shareholding relationship with either Sony or Mitsui High-Tec.

Mr. Asai contributes to the enhancement of the Company's audits and provides advice from time to time to the Board of Directors and the Audit & Supervisory Board regarding their proposals, deliberations, and other activities from an objective viewpoint of a third party independent from the Group, based on his abundant experience, knowledge, and professional expertise as an engineer and manager.

Mr. Asai has been employed by Hitachi, Ltd., Rigaku Corporation, and Hitachi Medical Corporation, as well as Japan Analytical Instruments Manufacturers' Association (JAIMA). The Company has a business relationship with Hitachi concerning the use of an electronic commerce support service. However, the Company has judged that he is independent on the grounds that more than 10 years have passed since his retirement from Hitachi and that he currently has no relationship with the firm; that business transactions with Hitachi accounted for less than 1% of the Company's consolidated net sales for the fiscal year ended March 31, 2015 and therefore do not fall under major transactions for either the Company or the firm; that the Company has no business relationship with Rigaku, Hitachi Medical, or JAIMA; and that the Company does not have a shareholding or capital relationship with either Hitachi, Rigaku, Hitachi Medical, or JAIMA.

The Company has designated Mr. Washida and Mr. Asai as Independent Audit & Supervisory Board Members and notified the Tokyo Stock Exchange of their appointments, pursuant to its provisions. With a view to recruiting and retaining outstanding personnel as External Audit & Supervisory Board Members, the Articles of Incorporation of the Company stipulate, pursuant to Paragraph 1, Article 427 of the Companies Act, that the Company may enter into an agreement with an External Audit & Supervisory Board Member to limit the liability for damages due to his/her negligence of duties within a certain level.

To prepare for the possibility that the number of Audit & Supervisory Board Members falls below the statutory minimum number, pursuant to Paragraph 3, Article 329 of the Companies Act, the Company has appointed one substitute Audit & Supervisory Board Member.

(6) Matters Concerning Internal Audits

The Company has established the Corporate Audit Office to carry out integrated monitoring of the implementation of internal controls. The Office conducts extensive on-site investigations into the Company and affiliated companies within the Group, and identifies questionable events in the early stages from a perspective different from

outlooks on value of the front-line business divisions, thereby developing a greater capability to prevent the occurrence of such events.

The Corporate Audit Office had five staff members when this report was filed.

(7) Matters Concerning Compliance

The Company does not simply interpret the term "compliance" as meaning "to comply with laws and regulations"; it understands that the term refers to its responsibility "to respond appropriately to the needs of society." Specifically, the Company sees the objective of compliance as not only to comply with laws and regulations but to respond to the needs of society behind such laws and regulations by adhering to them. To this end, the Group is promoting comprehensive compliance activities through the Compliance Committee, chaired by the CEO.

Concerns about compliance issues are reported to the whistle-blowing system established by the Internal Governance Office, and remedial actions will be led by the Compliance Committee. A similar system is in place in the Audit & Supervisory Board Office, to which concerns about accounting and auditing issues are directly reported. The Internal Governance Office was established in July 2014. Administrative responsibilities for the Internal Whistle-blowing Rules and the whistle-blowing systems based on the Rules were transferred from the Legal Affairs Department to the Internal Governance Office.

The Internal Governance Office is working to establish a compliance structure and conducts compliance education under the CEO's instructions. The Company provides compliance training programs including e-learning via the Internet and practical training courses for officers and employees of the Company and major affiliates.

(8) Matters Concerning Consolidated Group Management

The Company has established the Group Governance Division to promote reform of consolidated Group management. The Group Governance Division designs, plans, and supports measures to prevent the recurrence of misconduct, facilitate management (operational) reforms, and enhance consolidated management and administration for the entire Group's operations while serving as a division that comprehensively deals with matters for affiliates and operational divisions.

2. Procedures and Status of Internal Audits and Audits by Audit & Supervisory Board Members

The Company positions the Corporate Audit Office which conducts an internal audit on the overall business execution of the entire Group and reports the audit results to the Board of Directors which serves as an oversight organization. The Corporate Audit Office has five staff members engaged in operational audits and internal control audits. As the audit scope covers the entire Group, when planning an audit schedule, the Corporate Audit Office prepares a Risk Assessment Form and selects audit targets based on risk assessment to improve the effectiveness of internal audits.

Audit & Supervisory Board Members implement audits according to the audit schedule, audit the entire Group's operations, and check in-house approval documents based on the monitoring of Directors and Executive Officers. Audit & Supervisory Board Members also accompany audits performed by the Corporate Audit Office, thereby broadening the scope of the audits by Audit & Supervisory Board Members.

3. Accounting Audit Status

During the previous fiscal year ended March 31, 2015, three certified public accountants, Mr. Yasunari Kunii, Mr. Yasuhiko Haga, and Mr. Nobuo Son, performed accounting audits of the Company and the Group. They are limited liability partners and managing partners of Deloitte Touche Tohmatsu Limited. Mr. Son, Mr. Haga, and Mr. Kunii have performed audits consecutively for six years, three years, and two years, respectively. The number of consecutive years of audits performed by Mr. Son does not include his participation in the

audit report pertaining to the Correction Report on the Securities Report for the fiscal year ended March 31, 2009. The total number of audit assistants is 28 (11 certified public accountants and 17 other assistants).

4. Coordination among Internal Audits, Audit by Audit & Supervisory Board Members, and Accounting Audit

All the Audit & Supervisory Board Members including External Audit & Supervisory Board Members perform management audits by themselves, attend Board of Directors' meetings, obtain the results of internal audits performed by the Corporate Audit Office in relation to the Group's overall business operations, and exchange and confirm relevant information by holding meetings with the Corporate Audit Office whenever necessary. If there is a sign of fraud, or other misdeeds committed by management, the Corporate Audit Office is required to report it to Audit & Supervisory Board Members in accordance with the internal rules.

At the Audit & Supervisory Board meeting, the results of accounting audits performed by Accounting Auditors are regularly reported to Audit & Supervisory Board Members, with an aim to ensuring more effective audits through mutual cooperation.

The Company has established its internal audit system so that it can strengthen monitoring functions by performing audits for each compliance theme in collaboration with the Compliance Committee, and by other means.

External Directors attend Board of Directors' meetings, and recognize the Group's overall business operation by obtaining the results of internal audits performed by the Corporate Audit Office. As a result, they can oversee the Group's business execution, give advice, and make proposals whenever necessary based on their professional expertise and from an independent perspective with no conflicts of interest.

5. Interests with External Directors and External Audit & Supervisory Board Members

There are no personal, capital and trading relationships, or other interests between the Company and each of its External Directors and External Audit & Supervisory Board Members, apart from some cases of holding shares in the Company.

With respect to the damages stipulated in Paragraph 1, Article 423 of the Companies Act, the Company and the three External Directors have concluded an agreement limiting liability for damages arising from the execution of their duties in good faith and without gross negligence. The maximum liability under the agreement will be either 5 million yen or a minimum liability amount stipulated by laws and regulations, whichever is greater.

Likewise, with respect to the damages stipulated in Paragraph 1, Article 423 of the Companies Act, the Company and the two External Audit & Supervisory Board Members have concluded an agreement limiting liability for damages arising from the execution of their duties in good faith and without gross negligence. The maximum liability under the agreement will be either 5 million yen or a minimum liability amount stipulated by laws and regulations, whichever is greater.

External Director Mr. Junichi Hikita concurrently serves as Representative Director at another company (Hikita Consulting Co., Ltd.). External Director Mr. Masanori Yoshikai concurrently serves as an officer or in a related role at another company (Advisor of Sumitomo Electric Industries, Ltd.). External Director Mr. Yasuyuki Abe concurrently serves as an officer or in a related role at another company (Advisor of Sumitomo Corporation). External Audit & Supervisory Board Member Mr. Shojiro Asai concurrently serves as an officer or in a related role at another company (Advisor of Rigaku Corporation). However, the Company has no significant business relationships with any of these companies.

3. Reasons for Adoption of Current Corporate Governance System

The Company's basic corporate governance policy "separates management from the execution of operations," "recruits External Directors and Audit Supervisory Board Members," and

"improves the function of acting as a check by establishing the Internal Audit Division." The Company has concluded that in order to effectively implement the policy, the most effective corporate governance system is to adopt the organizational structure of a company with an Audit & Supervisory Board and to introduce an Executive Officer System. This would enable institutions within the Company to collaborate with each other. Consequently, the Company has adopted the current corporate governance system.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meeting and Facilitate the Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company, as a general rule, strives to send a notice of convocation of the Ordinary General Meeting of Shareholders at an early stage (about three weeks prior to the date of the meeting) and provides notice via the Internet and through other media about one week prior to the mailing day. This gives shareholders sufficient time to review the proposals.
Scheduling Annual General Meeting to Avoid the Peak Time	The 5th Ordinary General Meeting of Shareholders was held on June 25, 2013. The 6th Ordinary General Meeting of Shareholders was held on June 20, 2014. The 7th Ordinary General Meeting of Shareholders was held on June 19, 2015.
Allowing the Electronic Exercise of Voting Rights	The Company has made it possible for shareholders to exercise their voting rights using a voting rights exercise form or by electromagnetic means (the Internet). In addition, voting rights can be exercised via the Internet using mobile phones.
Participation in Electronic Voting Platform	The Company participates in the voting platform for institutional investors operated by ICJ, Inc. Even nominal shareholders including custody and trust banks, standing proxies, and other institutions can use the platform to exercise their voting rights.
Providing Convocation Notice in English	The English version of convocation notices is available on the Company's website and elsewhere, so as to facilitate the smooth exercise of voting rights at the General Meeting of Shareholders.
Other	Pursuant to the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc., the Company discloses resolution results of proposals at the General Meeting of Shareholders, including the number of "for" and "against" votes.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Regular Investor Briefings for Analysts and Institutional Investors	As a general rule, the Company holds briefings for analysts and institutional investors four times a year, after the close of its quarterly accounts.	Yes
Posting of IR Materials on Website	The Company posts securities reports, accounting reports, annual reports, press releases, and other materials, on its website	

	in a timely manner.	
Establishment of Department and/or Appointment of Manager in Charge of IR	The Public Relations & IR Department is established to provide individual explanations for analysts, institutional investors, and other parties, as necessary, and to serve as a contact point to handle inquiries from investors including individual shareholders.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company recognizes that the mission and purpose of a company that strives to achieve sustainable growth within society is to meet the expectations of all stakeholders, while gaining the trust of society and contributing to it. Therefore, the Company understands that its highest priority is to contribute to society through its business operations. This involves not just conducting every operation in compliance with laws and regulations, but also working to enhance corporate governance, promoting highly transparent corporate management, and accelerating the Company's environmental preservation activities for the next generation.
Undertaking Environmental Activities, CSR Activities, etc.	The Company is committed to promoting various environment-friendly management activities to achieve a society where sustainable development is possible. The Company believes that firms are required to fulfill their legal, social, and environmental responsibilities, meet the needs of society, responsibly conduct operations pursuing the achievement of challenging, self-imposed targets, and continue to generate new added value. Through these efforts, the Company believes that it will be embraced by society, earning its respect and loyalty. The Company aims to contribute to the realization of a sustainable society by conducting socially responsible management in a proactive and positive manner, with an eye on global expansion.
Development of Policies on Information Provision to Stakeholders	The Company has established the Regulations for Timely Disclosure, which are established internally. The Information Disclosure Committee examines the content and means of information disclosure on matters decided or identified within the Company, and it provides accurate information to stakeholders in a timely manner.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

The Company has established a system as described below with the aim of ensuring the appropriateness of business operations.

1. Frameworks for ensuring that the execution of duties of the Directors, employees, and other personnel of the corporate group consisting of the Company and its major subsidiaries (hereinafter the "Group") conforms to laws and regulations and the Articles of Incorporation
   1) The corporate vision, management policies and conduct guide are prepared and followed, while being shared and fully recognized by all officers and employees of the Group under the leadership of a division in charge of compliance.
   2) Various internal rules, regulations, guidelines, and other guidance, for the entire Group are prepared and updated as the guidelines for the execution of duties by employees.
   3) The JVCKENWOOD GROUP Compliance Code of Conduct is established and followed.
   4) Each of the Group companies establishes the "Board of Directors Rules" to properly supervise management's decision making and Directors' execution of duties.
   5) Internal audits targeted at the entire Group are conducted. In addition, the "JVCKENWOOD Group Internal Whistle-blowing Rules" are stipulated as a means for enabling internal reporting by all employees of the Group to establish the procedures for internally notifying any act that deviates from the "JVCKENWOOD GROUP Compliance Code of Conduct," carrying out corrective measures against such act and protecting the whistle-blowers from unfair treatment.
   6) Audit & Supervisory Board Members audit the execution of duties by the Group's Directors, employees, and other personnel from an independent standpoint.

2. Frameworks for storing and managing information in relation to the execution of duties by the Company's Directors
   1) The minutes of the Board of Directors' meetings are created in accordance with the "Board of Directors Rules" and stored at the main office in accordance with the relevant laws and regulations and internal rules.
   2) The "Regulations for Management of Confidential Information" are established to define the basic rules to be observed in managing confidential information whether in print or in electronic form, and are handled determinately.

3. Regulations and other frameworks for managing the risk of loss of the Group
   1) The Group regulations for compliance and risk management are established, together with an across-the-board organization for monitoring them with responsibilities being clearly defined, thereby promoting the Group's risk management efforts in a proper manner.
   2) The risk management rules by type of risk are prepared and updated to prevent various risks that might occur in the Group and clarify the actions to be taken in the event of such risks, as well as measures for restoration, thereby preventing the damage from spreading and minimizing the loss should a critical issue arise.

4. Frameworks for ensuring the efficient execution of duties of the Group's Directors
   1) The Company formulates business and other plans on a Group-wide basis, thereby clarifying management targets, promoting awareness thereof in the Group and evaluating the status of achievement thereof.
   2) The Company has in place the Executive Officer System to entrust the duty of business execution to the Executive Officers, thereby separating management oversight functions from business execution functions and clarifying the realms of oversight responsibility and business execution responsibility.
   3) The Company establishes the "Board of Directors Rules" and the "Executive Officers Committee Rules," as well as the "Administrative Authority Regulation," the "Standards for Decision-Making and Authority," and the "List of Decision-Making Matters" for the entire Group, to clarify the method of making decisions for the entire Group management.
   4) The rules regarding segregation of duties for each division of the Group are established to clarify the scope of duties and execute them determinately.

5. Frameworks for ensuring the propriety of business operations in the Group
   1) Based on the "Basic Policy of Consolidated Business Management," the corporate philosophy and management policies are shared among the Group companies. In addition, the "Administrative Authority Regulation," the "Standards for Decision-Making and Authority," and the "List of Decision-Making Matters" are established as the regulations applying to the entire Group to ensure the propriety of business operations on a Group-wide basis.
   2) The Company dispatches officers or business supervising officers to major subsidiaries to ensure the propriety of business operations.
   3) The Company executes the internal audits of the Group subsidiaries through its Internal Audit Division.

6. Frameworks for reporting to the Company on matters concerning the execution of duties of Directors, business executing employees, and other personnel, of the Group subsidiaries
   1) The Company assigns a responsible division in each subsidiary to ensure that the subsidiary reports important information to such division, which in turn has responsibility for the overall management of that subsidiary.
   2) If necessary, the Company dispatches officers and/or administrative staff members to a subsidiary so that the Company's business execution team can grasp the status of business operation of that subsidiary.
   3) The Company keeps in place a reporting system to ensure that reports of any abnormal situation occurring internally and possibly affecting the operations of the Group's businesses will be delivered to the top management of the Company through an appropriate procedure and without delay.

7. Systems concerning employees who assist the Company's Audit & Supervisory Board Members in performing their duties, matters concerning the independence of such employees from the Company's Directors and matters concerning how to ensure the effectiveness of directions given to such employees
   1) The Company assigns employees as dedicated staff members who assist the Company's Audit & Supervisory Board Members in performing their auditing duties.
   2) The Company lets Audit & Supervisory Board Members evaluate the performance of employees exclusively assigned as staff of Audit & Supervisory Board Members and has prior discussion with Audit & Supervisory Board Members with regard to the assignment of such staff.
   3) The Company's Audit & Supervisory Board Members clarify the necessary matters to ensure the independence of the employees assisting them, including the Audit & Supervisory Board Members' authority to give orders to the supporting staff. The Company respects such matters.

8. Frameworks for giving reports to the Company's Audit & Supervisory Board Members by Directors and employees of the Company, Directors, Audit & Supervisory Board Members, business operating employees and employees of the Company's subsidiaries, or persons who have received reports therefrom
   1) The Company's Audit & Supervisory Board Members attend the Board of Directors' meetings and other important meetings to receive reports on the status of business execution of the Group and other important matters.
   2) The Company's Directors and General Managers of head office divisions report their business execution status to the Company's Audit & Supervisory Board Members periodically and as needed.
   3) The Company's Audit & Supervisory Board Members execute auditing of the Company's business units and subsidiaries according to the annual audit plan, including the above, and receive reports and hear opinions therefrom.
   4) The Group's Directors and employees and persons who have received reports therefrom

promptly respond whenever the Company's Audit & Supervisory Board Members ask for reports on the businesses or investigate the status of the Group's business and property.

5) A Group-wide notification system is provided, by which parties such as Group employees, can directly notify any fraudulent activities and concerned issues regarding accounting and auditing that might arise within the Group to the Audit & Supervisory Board.

6) The Company's Audit & Supervisory Board Members periodically receive reports on the audit plans and audit results of the Internal Audit Division.

9. Frameworks for ensuring that Directors and employees of the Company, Directors, Audit & Supervisory Board Members, business operating employees and employees of the Company's subsidiaries, or persons who have received reports therefrom do not receive unfair treatment due to the act of delivering such reports

1) It is prohibited to unfairly treat a person within the Group who has delivered reports to the Company's Audit & Supervisory Board Members on account of said act of delivering notification. This is fully recognized among the Directors and employees of the Group.

2) The Company's Audit & Supervisory Board Members who have received notification through the whistle-blowing system ask the related divisions not to unfairly treat that whistle-blower due to the act of notification. Should the Audit & Supervisory Board Members be informed by that whistle-blower that he/she is under unfair treatment, they call on the Company and the Group's Personnel Division to stop such unfair treatment.

10. Matters concerning the policies on the procedures for advance payment or redemption of expenses arising from the execution of the duties of the Company's Audit & Supervisory Board Members and any other treatment of expenses or liabilities arising from the execution of such duties

1) When the Company's Audit & Supervisory Board Members ask the Company for advance payment or other treatment of expenses arise in relation to their execution of duties, the Company will immediately address such expenses or liabilities, unless such expenses or liabilities are proved to be unnecessary for the execution of the duties of the Company's Audit & Supervisory Board Members.

2) The Company's Audit & Supervisory Board Members conduct the payment of audit expenses, while giving due consideration to the efficiency and appropriateness of the audit.

11. Other frameworks for ensuring effective auditing of the Company's Audit & Supervisory Board Members

1) The Company's Directors prepare conditions to enable the execution of effective audits in accordance with the audit plan made up by the Company's Audit & Supervisory Board Members.

2) The Company's Representative Directors and Audit & Supervisory Board Members have periodic meetings in order to enhance mutual communication.

3) The Company's Directors prepare conditions to enable the Company's Audit & Supervisory Board Members to cooperate with the divisions in charge of legal affairs, accounting and internal audit as well as external experts for the implementation of their duties.

4) The appointment of the Company's External Audit & Supervisory Board Members is made with consideration to their independence and professional expertise.

12. Frameworks for ensuring the propriety of financial reports

1) In accordance with the Financial Instruments and Exchange Act and related laws and regulations, systems are provided to ensure the propriety of financial reports of the corporate group, which consists of the Company and its subsidiaries.

2) The enhancement and operation of the system to ensure the propriety of financial reports is periodically evaluated and promoted the improvement thereof.

13. Basic policy for the elimination of antisocial forces
The Group shall block off any and all transactions, including the provision of funds and backstage deals, with all antisocial organizations which could possibly cause damage to the entire Group, including its stakeholders by making unjustifiable requests to the Group's officers and employees or by obstructing healthy business activities, by means of tying up with external professional organizations as necessary and taking appropriate measures including legal actions. The Group recognizes that the exclusion of such antisocial forces is essential for ensuring the propriety of the Company's businesses.

2. Basic Views on Eliminating Antisocial Forces

The Company's basic policy against antisocial forces is stated in "13. Basic policy for the elimination of antisocial forces" under the heading "1. Basic Views on Internal Control System and the Progress of System Development," as shown above.

In accordance with the above policy, the Group stipulates in the "JVCKENWOOD GROUP Compliance Code of Conduct" that it will not be involved with any antisocial forces or organizations that pose a threat to social order and safety and not to accept unlawful or unreasonable claims from them, and that it acts accordingly.

V. Other

1. Adoption of Anti-takeover Measures

Adoption of Anti-takeover Measures	Not adopted

Supplementary Explanation Updated

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2. Other Matters Concerning Corporate Governance System Updated

[1] Recent Status of Implementation of Initiatives towards the Enhancement of the Company's Corporate Governance

With the enforcement of the "Act for Partial Revision of the Companies Act" and the "Ministerial Order for Partial Revision of the Ordinance for Enforcement of the Companies Act," effective May 1, 2015, the Company revised matters related to Group-wide internal control and matters related to the development of systems that support audits by Audit & Supervisory Board Members, associated with the system to ensure the appropriateness of operations (Policy on the Development of the Internal Control System).

In addition, the Company established and announced the "JVCKENWOOD Corporate Governance Policy" (CG Policy), which frames the Company's basic views for corporate governance, effective December 1, 2015.

[CG Policy: http://www.jvckenwood.com/en/corporate/governance/]

[2] Status of the Internal System for Timely Disclosure of the Company's Corporate Information

The Company ensures that every employee fully understands its basic policy and procedures for timely disclosure of information, and at the same time, it discloses important information about the Company, its subsidiaries and affiliates in a fair, timely, and proper manner, so that shareholders, investors, and all stakeholders are able to make appropriate evaluations and judgments.

A summary of the Company's Regulations for Timely Disclosure concerning information

disclosure procedures is as described below.

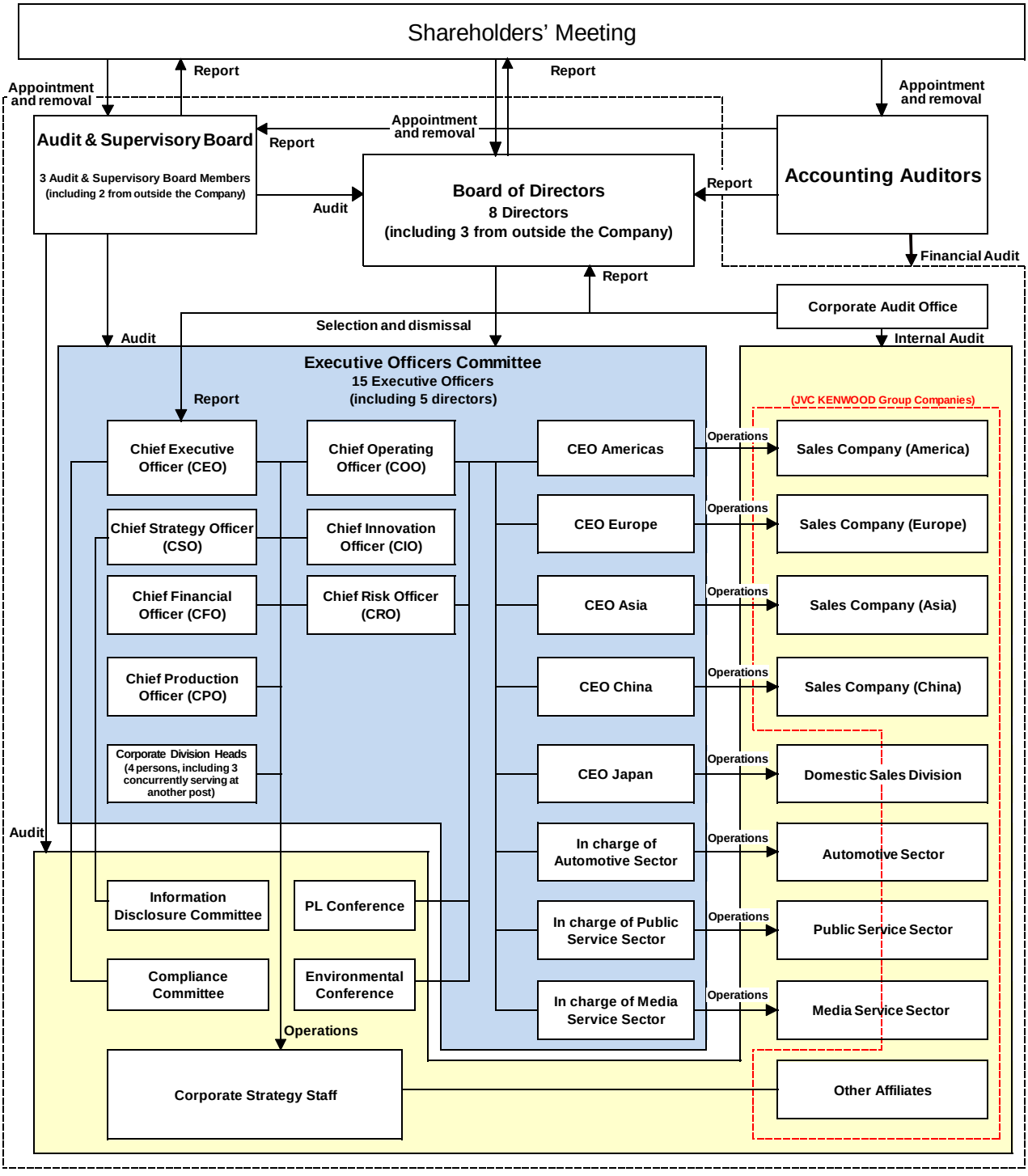
1. Method of timely disclosure
   As a general rule, the Company will make timely disclosure via Timely Disclosure network (TDnet) run by the Tokyo Stock Exchange, and then promptly notify the press and follow other disclosure procedures in the methods stipulated by laws and regulations. The disclosed information will be posted on the Company's website, immediately following the disclosure.

2. Divisions responsible for timely disclosure
   - There is no particular division solely responsible for timely disclosure; it is regarded as a Company-wide task and every business unit bears the responsibility for it.
   - In each Division, the Second-level General Manager is appointed as a "manager responsible for timely disclosure," while the Top-level General Manager is deemed a "manager chiefly responsible for timely disclosure."
   - The "manager chiefly responsible for timely disclosure" and "manager responsible for timely disclosure" are to take responsibility to formulate, maintain, and supervise the timely disclosure framework within his/her Division to ensure that no important information fails to be disclosed. Inquiries concerning timely disclosure must be referred to the Information Disclosure Committee. One issue pertaining to this matter is whether the information is important enough to be disclosed on a timely basis.
   - The Information Disclosure Committee is responsible for supervising the entire Company's timely disclosures. No other division but the Committee acts as the liaison for making timely disclosures.

3. Information Disclosure Committee
   - The Information Disclosure Committee is responsible for maintaining and supervising the Company-wide timely disclosure framework. The Committee is notified of information to be disclosed by the manager chiefly responsible for timely disclosure; subsequently, the Committee will submit a report on the timely disclosure to the Executive Officers Committee and the Board of Directors.
   - Any disclosed information concerning the Company is to be consolidated and managed by the Information Disclosure Committee, which acts as the contact point of external disclosure.
   - The Information Disclosure Committee collaborates with Company lawyers or Accounting Auditors regarding timely disclosure whenever necessary.
   - The Information Disclosure Committee consists of the following members.
     Chairman: Chief Strategy Officer (CSO)
     Members: General Executive of Corporate Communication Division, General Executive of Corporate Strategy Division, General Manager of Finance & Accounting Division, and General Executive of Corporate Management Division
     Secretariat Head: General Manager of the Internal Governance Office
     Secretariat: Corporate Affairs Department and Public Relations & IR Department

Corporate Governance Organization System

As of July 1, 2015



Overview of Timely Disclosure Framework (Pattern Diagram)

