

Sustainability Management

Promoting sustainability strategy based on four strategic topics



The JVCKENWOOD Group believes it important to meet the expectations of all of its stakeholders through its business activities in keeping with its Corporate Vision of "Creating excitement and peace of mind for the people of the world." Continuing to be a company that is trusted by, and that contributes to, society will ensure our sustained growth.

To promote corporate and social sustainability through its business, the JVCKENWOOD Group remains committed to producing products and services that resolve a variety of social issues. We will seek to improve our corporate value in a sustained manner and contribute to society by working to resolve social issues through our business while establishing a high degree of trust not only with customers but also with all other stakeholders connected with our company.

In an aim to implement corporate sustainability management to realize profitable growth and social solutions in an integrated manner, the Group's corporate activities are categorized by four strategic topics (i.e. "Technological Innovations," "Enhancing Resilience," "Smart Service," and "Wellness") with a focus on material issues identified based on specific business characteristics and SDGs. Moreover, with particular attention to Resilience Enhancement, which is the heart of these activities, efforts have been focused on ESG (Environment, Social, Governance) investment, which is becoming popular in stock markets as criteria for corporate evaluation aside from financial condition.



Sustainability initiatives in consideration of the economy, environment and society, represented by the Paris Agreement (COP21), SDGs and others, have been attracting intense attention globally. In the Japanese economy, Ministry of Economy, Trade and Industry (METI) has published "The Guidance for Collaborative Value Creation" and "The Guide for SDGs Business Management" for further enlightenment, while attention toward corporate sustainability as criteria for evaluating a company in terms of ESG Investment is increasing.

Amid these circumstances, I constantly focus on the implementation of sustainability management based on a policy to "provide social solutions through our business." This is based on my belief that the Group will increase its presence in the world with our profound technological assets associated with audio, visual, and communications systems. For example, we have a dashcam that increases the confidence for people driving automobiles, and professional digital radio system distributed to the North American market that supports people's safe and comfortable lives through the activities of public organizations such as autonomous community, police and fire departments and corporate activities, both of which are what I believe to be our contribution to society.

However, I have to admit that we have yet to exert enough of our ability and catch up with what a global company contributes to international society.

Since before the establishment in 2011 until around 2014, the Group has been repeatedly engaged in structural reform that involved staff reduction due to, in particular, a shrinking consumer product market and intensified competition. Our CSR activities lost momentum amid the

fight for survival, resulting in low employee motivation, which was highlighted by the Employee Satisfaction (ES) surveys of the last few years.

To step out of this negative spiral, in 2015, the Group made a conscious policy of strengthening our capabilities as a solution provider under the slogan of "a Customer Values Creator." Meanwhile, efforts in the initiatives focused on diversity and inclusion were enhanced, as they should allow employees to jump the barriers and exert their ability in many ways.

Due to persistence in various measures continued since then, earnings and ES survey results started looking up gradually. In 2018, our sustainable action plan started with a newly established Sustainability Management Office. It took more than a year to formulate SDGs, a mid- and long-term vision, sustainability strategy topics, and material issues that are correlated with growth strategies, and I feel proud that we were finally able to express what our sustainability initiatives are.

From now on, I will be committed to spreading sustainability initiatives as a driving force of the Group's growth, not just as activities for the sake of activities, while sharing past bitter experiences with the entire Group. In the healthcare area, products that help early detection of developmental disabilities, dementia, cancer, etc., have been developed for commercialization. While they have yet to contribute to earnings, we will seek chances to create products and services that provide social solutions, thereby consistently delivering inspiration and security to people all over the world.

Promoting Sustainability Management

The JVCKENWOOD Group's management principle stands on three pillars: Transform into a Customer Value Creator; Evolve as a Technology based Company; and Contribute to a Sustainable Society through Business. It is our responsibility as a global company to put this principle in practice, as well as achieve the SDGs*¹ proposed by the United Nations and realize Society 5.0*² that reflects the Japanese government policy goal, while enhancing the happiness and pride for each employee as part of the Group.

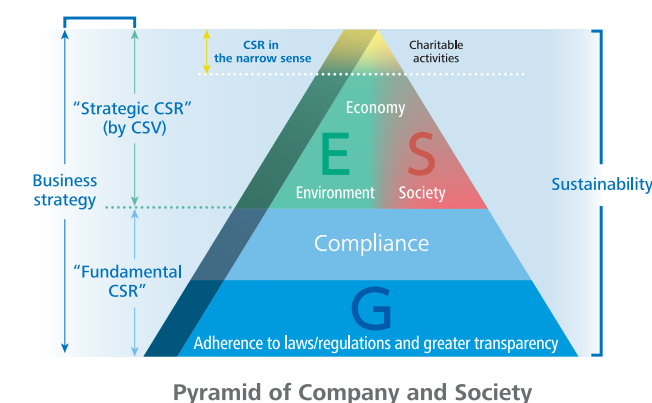
With this in mind, the Group promotes Sustainability Management that combines a business perspective (profitable growth as a company) and a sustainability perspective (provision of social solutions). Our business strategies are defined as Fundamental CSR and Strategic CSR (including a CSV*³ point of view) to develop a narrowly defined CSR into sustainability to promote management strategies with the business and sustainability perspectives as two wheels.

* 1 Sustainable Development Goals (SDGs): goals for sustainable development adopted by the UN Sustainable Development Summit, comprising 17 goals and 169 targets with a target year of 2030; all organizations are asked to take concrete actions in accordance with these development goals to address the global issues of poverty, hunger, energy, and climate change and to build peaceful societies.

* 2 Society 5.0: A term used in the 5th Science and Technology Basic Plan, approved by the Cabinet in January 2016, that refers to a super-smart society utilizing the Internet of Things (IoT) and AI.

* 3 Creating Shared Value

Connections between business strategy and sustainability



Established Sustainability Strategy Topics

To promote sustainability management that pursues both "Business: Profitable growth as a company" and "Sustainability: Provision of social solutions" at the same time, the Group works to advance the four sustainability strategy topics that are built on its business characteristics and SDGs, and the aim to create new value.

1) Technological innovations

The trunk for achieving growth in strategic domains through intellectual property and technology

2) Enhancing resilience

A strategic base that underpins efforts in fundamental domains (that support business) through robust, transparent, fair and inclusive mechanisms

3) Smart service

Products and services embodying the value created via 1) and 2) that enhance peace of mind, safety, comfort and trust

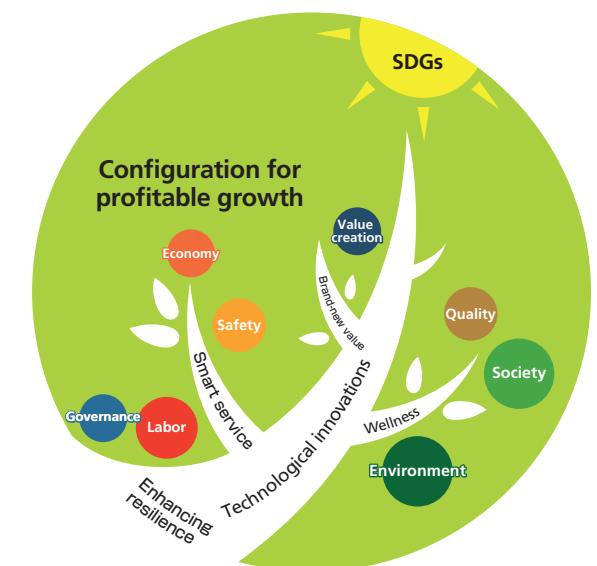
4) Wellness

Products and services embodying the value created via 1) and 2) that contribute to environmental and social issues (QoL*⁴, well-being*⁵, etc.)

* 4 QoL: Quality of life

* 5 Well-being: a concept that refers to being in a good state physically, mentally, and socially

Approach to profitable growth via sustainability strategy topics



Identified Material Issues

With the establishment of its new management structure in June 2016, the JVCKENWOOD Group is working to achieve new evolution as JK3.0 (the third era of JVCKENWOOD). In the context of JK3.0, we (1) extracted eight topics closely linked with the Group's business and connected to SDGs; and (2) identified material issues in consideration of the relationship with the 2020 Vision, that aims to transform into a Customer Value Creator. From FY2018, KPIs (Key Performance Indicators) were developed to manage the progress of these initiatives. We will review and disclose material issues and KPIs as needed in accordance with the society's demand and long-term management plans.

► (1) Focused on eight topics and SDGs

The JVCKENWOOD Group extracted eight topics (the 8 Topics) related to social solutions (1. Society; 2. Labor; 3. Environment; 4. Quality; 5. Economy; 6. Safety; 7. Governance; 8. Value Creation), and identified eight priority goals that fit the eight topics, out of the 17 Sustainable Development Goals. The Group then sorted the eight topics from the perspectives of Conformity, Visibility, Diversity and Continuity, on which we particularly focus.

► (2) Identified Materiality based on analysis in relation to business

The JVCKENWOOD Group assessed the relationship between the eight topics extracted in (1) above, and chose 17 sustainability topics. After assessing these topics based on two pillars, Importance for Stakeholders and Importance for JVCKENWOOD Group, the Group categorized them into 11 priority topics and six other topics. As a

result, the eight topics, sustainability topics, and SDGs have been organically linked to each other.

The Group then segmented sustainability topics, with consideration to how they are connected to the Vision 2020 that aims to transform into a Customer Value Creator, to identify Materiality.*

Going forward, the Group will promote initiatives to achieve the Vision 2020, while reviewing materiality and KPIs as needed.

* More information about Materiality is available at our website:
<https://www.jvckenwood.com/en/sustainability/group/materiality.html>

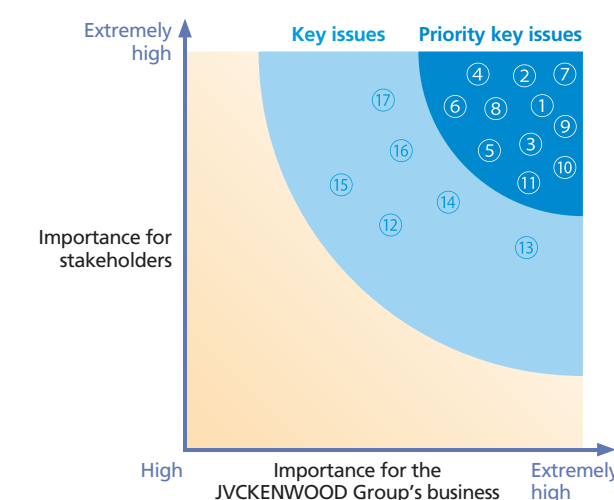
Role of Sustainability Management Office

In April 2018, JVCKENWOOD established the position as an executive in charge under the supervision of the Board of Directors, as well as a Sustainability Management Office and a system for rapidly implementing our Sustainability Management Strategy under the CSO's purview. The Sustainability Management Office is responsible for promoting the company-wide Sustainability Management Strategy and for managing progress in implementing the strategy, as well as for periodically reviewing material issues and KPIs (Key Performance Indicators) and enhancing the disclosure of sustainability-related information. To those ends, the Sustainability Management Office actively communicates with the relevant departments and sections and takes the lead in efforts linking business to sustainability.

■ Connections between eight topics and SDGs



■ The JVCKENWOOD Group's sustainability topics Matrix








Priority key issues	Key issues
① Expanding access to medical care	⑫ Access to suitable education
② Preventing traffic accidents	⑬ Promoting active roles for employees
③ Diversity & inclusion	⑭ Supply chain management
④ Addressing climate change	⑮ Conserving water resources
⑤ Initiatives for disaster prevention/mitigation	⑯ Conserving the natural environment
⑥ Sustainable manufacturing	⑰ Reducing environmental impact
⑦ Accelerating innovation	
⑧ Secure and safe community development	
⑨ Ensuring secure and safe transport systems	
⑩ Initiatives for risk management	
⑪ Stakeholder partnership	

Progress of Activities Related to Material Issues

JVCKENWOOD’s major activities related to material issues in 2018 are as follows:


Important issues for the realization of profitable growth and the solution of social issues (Smart Service & Wellness)

JVCKENWOOD believes that making a contribution to a sustainable society provides good opportunities for business and leads to profitable growth. Based on this belief, we have established indicators related to material issues and we are implementing initiatives for them in order to actively solve various social issues with our products.

Fiscal 2018 results	SDGs
For the material issue of “Value creation with automotive products & services,” we are aiming to increase the rate of installation of dashcams, one of our major products, and are steadily achieving results in this.	
For the material issue of “Value creation with disaster-prevention and disaster-mitigation products & services,” we have established a plan to launch new disaster-prevention and disaster-mitigation products and services (the number of installations of multilingual broadcasting equipment to meet demand for foreign visitors to Japan) and achieved 33 installation results.	
For the material issue of the “Deployment of environmentally friendly products,” we are planning to launch environmentally friendly products in fiscal 2019 that have had their packaging changed from plastic to paper boxes as an initiative for the problem of marine plastic.	
For the material issue of “Value creation with IoT solution products & services,” we have achieved the launch of five new IoT solution products and services.	
For the material issue of “Value creation with healthcare products & services,” we are developing two main product approaches for social problems such as the increase in the burden of healthcare expenses in a society with a low birth rate and longevity and the increasing number of deaths due to cancer.	







Important issues for the promotion of new business creation (Technological Innovation)

JVCKENWOOD is working to create an environment in the Company that will promote internal opportunities for innovation.

Fiscal 2018 results	SDGs
By actively promoting the “Innovation Act” material issue, we again implemented the verification of the commercialization of new ideas in fiscal 2018, which we have set as an indicator for initiatives.	
As an initiative associated with the material issue of “Collaborating with stakeholders (governments/business partners),” we started promoting social implementation projects through collaboration with industries, governments, and academia and, in fiscal 2018, we formulated the implementation plan for a new project.	

Important issues for the strengthening of our business foundations (Resilience Enhancement)

JVCKENWOOD is working to enhance its resilience with initiatives in fundamental domains (that support business) as a strategic base supported by robust, transparent, fair and inclusive mechanisms.

Fiscal 2018 results	SDGs
As an indicator associated with the material issue of “Augmenting management indicators,” we are aiming to achieve an ROE of 10% in fiscal 2020, which is also stated in our Vision 2020.	
For the material issue of “Reducing greenhouse gas emissions,” we are working to reduce our greenhouse gas emissions* ¹ based on our results in fiscal 2012. In fiscal 2018, we achieved a figure that greatly exceeded our target.	
For the material issue of “Corporate culture/work style reform,” we have set the number of people using teleworking as an indicator for our response to a wide variety of lifestyles and work-styles of each individual employee. Accordingly, 1,283 people* ² used this in fiscal 2018.	
In association with the material issue of “Information security and protecting personal information,” we have set the rate of IT security training session attendance (in Japan) in fiscal 2018 as an indicator and the results were 92.5%.	
In association with the material issue of “Product quality & safety,” we have set the number of recall occurrences and the cost for responding to them as indicators and both the occurrences and cost continued to be zero in fiscal 2018.	
In association with the material issue of “Donations & social contribution activities,” we have set the number of social contribution programs implemented throughout the JVCKENWOOD Group overall as an indicator and we greatly exceeded our target for fiscal 2018 with an actual result of 156 items.	

* 1 For Scopes 1, 2
* 2 The number includes users in a trial

The JVCKENWOOD Group’s initiatives related to SDGs are introduced as “Good Practices” on JAPAN SDGs Action Platform, the website of the Ministry of Foreign Affairs of Japan.



Environmental Vision

We will contribute to society as an eco-promoting company that actively focuses on reducing our environmental impacts.

Basic Environmental Policy

To preserve global environments and resources and prevent pollution, we will manage our business activities, our product development, and our services through ongoing improvements with a full awareness of our environmental impact.

1. Prevent global warming through promotion of the reduction of CO₂ emissions throughout a product's lifecycle, including business activities, by developing technologies and products that reduce environmental impacts.
2. Use limited global resources effectively to create a sustainable society by reducing the resources we use within the framework of 3R activities and progressively using eco-friendly materials.
3. Manage chemical substances that affect the world's environment and biosphere, continue to reduce consumption, and switch to eco-safe materials.
4. Recognize the effects on biodiversity of all business activities, product development, and services to comprehensively reduce our environmental impacts in harmony with the natural environment.
5. Comply with environmental legislation and other requirements with which we agree.
6. Educate employees on the environment to cultivate greater environmental awareness.

Promoting Energy Conservation

► Resource-saving and energy-saving efforts in production processes

Reducing energy use

The JVCKENWOOD Group recognizes the importance of reducing as far as possible the use of limited resources and energy and realizing sustainable production as a manufacturer. To that end, we are working to ascertain and reduce energy use at production bases in particular, and endeavoring globally to reduce man-hours and introduce energy-saving equipment. To achieve our mid- to long-term targets, we will make active efforts including a conversion to renewable energies.

3R Activities (3R: Reduce, Reuse, Recycle)

► Deployment of Environment-conscious Products

The JVCKENWOOD Group believes that it is critical for a manufacturer to contribute to environmental impact reduction by managing manufacturing processes and distribution processes, as well as the use of products. The Group's primary focus is the labelling of the J-Moss green mark and package waste reduction at the moment, and, going forward, we will extend our focus to the expansion of target products and more effective methods. Furthermore, we will proactively disclose information on Environment-conscious products for the sake of customers' product confidence.

Primary environmentally-friendly products Gumy Wireless HA-FX9BT headphones for the Americas / Europe

We switched from conventional blister (plastic) packing to paper boxes to package the Gumy Wireless HA-FX9BT headphones released on American/European markets in May 2019, reducing our yearly plastic use and our environmental impact.

► Initiatives pertaining to waste reduction and wastewater

Initiatives pertaining to waste

The JVCKENWOOD Group is actively engaged in carefully sorting / breaking down waste generated through business activities, and then reusing it within the Company or adding value to it. As a result, a recycling rate of 99.7% has been achieved within Japan, and total waste has been falling both inside and outside Japan. We will continue working toward zero emissions globally and striving to further reduce total waste and promote recycling.

Initiatives pertaining to wastewater

To address the rising water risk in recent years and to use water resources in a sustainable manner, the JVCKENWOOD Group is endeavoring to ensure as far as possible that the water used and the wastewater generated in its business activities are reusable water resources. We intend to identify those regions and business locations with high wastewater volume and implement measures as necessary.

Proper Management of Chemical Substances

► Management of toxic chemicals

The JVCKENWOOD Group recognizes that minimizing the impact of chemical substances on people and ecosystems

through proper management is its corporate responsibility. Accordingly, we have been ascertaining and properly managing toxic chemicals used in our manufacturing processes, considering the use of alternative chemicals, and reviewing / improving working environments, as well as undertaking efforts with suppliers. Toxic chemical emissions in FY2018 came to 10.6 tons*, and we will be working to suitably manage and reduce emissions in future.

*Specially-controlled industrial waste in Japan only

► Initiatives to Reduce Emission of Greenhouse Gas

In an aim to reduce emissions of greenhouse gas, the JVCKENWOOD Group has established global mid- and long-term goals including an annual CO₂ emission reduction rate of 1% over the actual emissions in FY2012. To achieve these targets, we have been monitoring power use at business centers, upgrading to high-efficiency production / air-conditioning equipment, and installing / introducing LED lighting, as well as focusing effort on environmental education for employees. We also plan to actively develop eco-friendly products with the aim of reducing total CO₂ emissions across the broader value chain.

Conservation of Natural Environment

► Preservation of Biodiversity

With the deterioration of the habitat environment of living creatures and the destruction of ecosystems becoming increasingly serious concerns, more effective and rapid efforts to realize a world that people can live in co-existence with nature are needed.

The JVCKENWOOD Group recognizes the importance of minimizing the impact of business activities on biodiversity and tackling its preservation, and pursues preservation activities in the neighborhoods of its business locations both in Japan and overseas in collaboration with governments, experts, and local residents.

Biodiversity preservation activities

As part of its CSR activities, JVCKENWOOD established biotopes (green land and wetland) at its business location in 2006 as "Forests of Coexistence" that serve as places of relaxation for customers and employees. In agreement with the spirit of the How Far Does a Dragonfly Fly Forum, an activity project under Keihin Forest Development Business being implemented by the Yokohama City Environmental Planning Bureau, we have arranged our biotope into Dragonfly Pond and, as a company operating in the Keihin Seaside Zone, we are undertaking sustained environmental preservation activities together with local communities.



How Far Does a Dragonfly Fly Forum held with local cooperation wins award for excellence at 5th Biodiversity Japan Awards (Head Office & Yokohama Business Center)

Mt. Kinbo forest development activities

JVCKENWOOD Yamagata participates in the Mt. Kinbo (Tsuruoka) Forest Development Activities hosted by the Yamagata Prefecture Environmental Conservation Council since FY2011. These continued efforts have been highly regarded, and even won encouragement and letters of thanks from the Yamagata Prefecture Environmental Conservation Council.



Continuous activities such as cutting branches and vines to maintain the lush vegetation and ecosystems of village forests

Supply Chain Management

► Complying with the UK Modern Slavery Act

In compliance with the UK Modern Slavery Act, which went into effect in 2015, the JVCKENWOOD Group has released statements on its efforts to prevent slave labor and human trafficking in its business activities and supply chains.

► Promoting Sustainable Procurement

The JVCKENWOOD Group promotes global procurement activities in accordance with the “JVCKENWOOD Group Procurement Policy” and “JVCKENWOOD CSR Procurement Guidelines,” based on the belief that constructing a sustainable supply chain forms the basis for corporate growth and the development of a sound society.

JVCKENWOOD Group Procurement Policy

The JVCKENWOOD Group established the JVCKENWOOD Group Procurement Policy in October 2018. This policy goes beyond merely complying with laws and regulations to broadly improve understanding of sustainable procurement and efforts in that regard in hopes of helping to develop a sustainable society.

JVCKENWOOD CSR Procurement Guidelines

The JVCKENWOOD Group established “JVCKENWOOD CSR Procurement Guidelines” in compliance with the code of conduct set out by the Japan Electronics and Information Technologies Industries Association (JEITA). We began applying these guidelines in 2017 to share sustainability-related values with a variety of stakeholders. These guidelines consist of seven categories: (1) human rights and labor, (2) occupational health and safety, (3) environment, (4) fair trading, (5) product quality and safety, (6) information security, and (7) social contributions. We familiarize suppliers with these guidelines at supplier meetings.

► Prohibiting child/forced labor

The JVCKENWOOD Group embraces the UN's Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, insisting on respect for basic human rights all through its supply chains.

The JVCKENWOOD CSR Procurement Guidelines clearly prohibit child labor and forced labor, and we will be familiarizing all suppliers with the guidelines to ensure they are suitably incorporated into their business practices.

► Approaches to Conflict Minerals

Significant human rights violations and environmental destruction by armed groups in the Democratic Republic of the Congo and surrounding countries have been broadly recognized as serious issues by the international community, and it has been noted that the minerals produced in this region have become sources of funding for these armed groups. The US Dodd-Frank Wall Street Reform and Consumer Protection Act names four minerals

produced and refined in this region — tin, tantalum, tungsten and gold — as conflict minerals, and requires companies to disclose information on the refiners of parts/materials that include these minerals.

While not subject to the restrictions imposed by the Dodd-Frank Act, JVCKENWOOD agrees with such initiatives vis-à-vis conflict minerals, and has participated in the Responsible Minerals Trade Working Group of the Japan Electronics and Information Technology Industries Association (JEITA), and as a member is pursuing its own voluntary efforts for the sake of global sustainable procurement.

More specifically, we have sent out conflict mineral survey forms to our primary suppliers who handle about 11,000 parts that fall within the scope of conflict minerals, and inspected 3TG* refineries; 1,558 suppliers received our survey forms over the period of FY2014–2018, with a response rate of 96.2%.

*3TG: An abbreviation meaning tin, tantalum, tungsten and gold; the term refers collectively to these four minerals and their derivatives

Promoting Active Roles for Employees

► Human Resources Development

The JVCKENWOOD Group regards human resources development as a top priority to secure continued growth for the Company, and is striving to foster and retain employees by establishing education/training systems that support the growth of individual employees and by developing/utilizing structures that allow employees to maintain long-standing careers even in the face of lifestyle changes.

► Employee Health Management Health and productivity management*

Based on the “JVCKENWOOD Health Policy Statement,” we promote maintaining and enhancing the health of employees through the collaborative efforts of management, departments related to industrial health, the Health Insurance Association and the work site. In FY2019, we established the Health Management Business Promotion Committee with an industrial doctor involved. It regularly holds meetings as an advisory body on company-wide key issues concerning health.

JVCKENWOOD has been recognized as a White 500 Certified Health and Productivity Management Organization for three consecutive years since 2017. We will continue to work on various measures toward improving health and productivity management.

* “Kenkokeiei (Health and Productivity Management)” is a registered trademark of the Workshop for the Management of Health on Company and Employee (NPO).

The JVCKENWOOD Health Policy Statement

JVCKENWOOD strives to create a workplace environment that enables its employees to stay healthy and motivated at work to achieve its corporate vision: “Creating excitement and peace of mind for the people of the world.”

Recognized among the White 500 Certified Health and Productivity Management Organizations for 2019

JVCKENWOOD was recognized in March 2019 as one of the White 500 Certified Health and Productivity Management Organizations for 2019, a certification program administered jointly by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.



► Occupational Safety and Health

Our Concept of occupational safety and health

To create safer and more comfortable workplaces, the JVCKENWOOD Group aims to maintain and enhance safety and health at all business locations with a goal of reducing the number of occupational accidents to zero. As a result, the lost-time injuries frequency rate*¹ for FY2018 was 0.163, and the severity rate*² has been 0.000 since 2015, which is below national and industry averages.

*¹ Lost time injuries frequency rate : a rate indicating the frequency of accidents, calculated using “number of casualties by occupational accidents / total actual working hours x 1,000,000 hours”. However, the “number of casualties” refers only to the number of persons died/injured in occupational accidents who were absent from work for one or more days and who lost a body part or a bodily function due to the accident.

*² Lost time injuries severity rate : a rate indicating the severity of accidents, calculated using “total lost-work days / total actual working hours x 1,000 hours”

► Fair Labor-Management Relations

JVCKENWOOD promotes active dialogue between labor and management in recognition of the fact that trusting labor-management relations will boost the productivity and motivation of employees and lead to sustained growth for the Company.

Labor-management dialogue

JVCKENWOOD enjoys a labor-management relationship with the JVCKENWOOD Labor Union that represents all employees, together establishing labor agreements that cover the three rights of labor (the right to unionize, the right to collectively bargain, and the right to collectively act) as well as wages, working hours and other working conditions, and negotiating/discussing personnel matters, complaints, etc.

As of July 2019, 100% of employees (excluding executives and managerial personnel) belong to the union. Labor and management meet periodically in informal management

gatherings, financial results briefings, and special labor-management committee meetings on particular programs, discuss matters, and promptly implement agenda items on which they have agreed.

Stakeholder Partnership

► Donations and Social Contribution Activities Our basic concept and initiatives

The JVCKENWOOD Group leverages its products/services and knowledge to undertake activities globally that contribute to younger generations and communities as a corporate citizen, and encourages employees to participate in social contribution activities.

Initiatives for the next generation

JVCKENWOOD is actively involved in developing the future generation through group-wide activities such as offering on-site lectures for increasing an understanding of SDGs through our business, as well as workplace tours and work experiences for students.



On-site lecture at a high school in Yokohama

Initiatives as a member of the local community

Our business locations across countries are supporting sporting events, helping communities recover from earthquakes, offering donations and engaging in other activities as a community member to contribute to the community as a whole.



Supporting sporting events in Canada

Initiatives for the natural environment

We have been improving the environmental awareness of employees and engaging in beautification activities in various local areas, developing products that create environmental value and adopting a variety of other approaches to help protect the natural environment.



Beautification activities in Malaysia

Structure

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 strive to enhance our corporate governance based on the policy 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”), and posted the CG Policy on the Company’s website.

CG Policy:
https://www.jvckenwood.com/en/corporate/governance/corporate_governance.html

Enhancing Corporate Governance

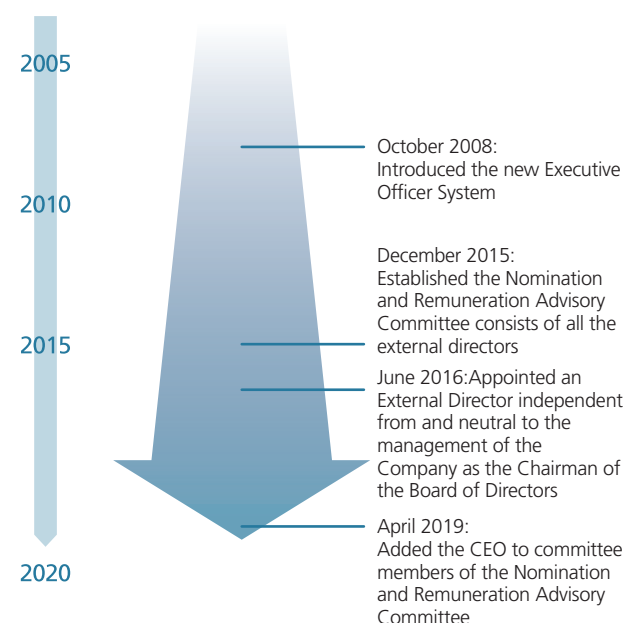
The Company’s basic corporate governance policy “separates management from the execution of operations,” “recruits external directors and Audit & Supervisory Board members,” and “improves the function of acting as a check by establishing the Internal Audit Division.” The Company has concluded that in 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 as below.

Since June 2016, JVCKENWOOD has appointed an external director independent from and neutral to the management of the Company as the chairman of the Board of Directors. As of June 20, 2019, Mr. Yasuyuki Abe, who serves as external director, chairs the Board of Directors, and established a place for active exchange of opinions and discussions at meetings of the Board of Directors. The chairman of the Board determines agendas for a meeting of the Board of Directors in consultation with the chairman and the chief executive officer (CEO) prior to deliberations of the Board of Directors. In addition, the chairman is responsible for convening meetings of the Board of Directors and preparing minutes of meetings of the Board of Directors, etc. as head of the Board of Directors.

The Company established the Nomination and Remuneration Advisory Committee, for which all of its external directors serve as committee members, in December 2015, with the aim of strengthening the independence and objectivity of the functions of the Board of Directors.

Since its establishment, the Nomination and Remuneration Advisory Committee has made proposals to JVCKENWOOD regarding candidate representatives for the Board of Directors, and reviewed the appropriateness of director candidates and directors’ compensation plans proposed by the representatives and others, and reported its opinions. The Board of Directors has determined director candidates and directors’ compensation, taking into consideration the opinions stated by the Nomination and Remuneration Advisory Committee.

In addition, in April 2019, the Company added the chief executive officer (CEO) to committee members of the Nomination and Remuneration Advisory Committee in order for external directors who serve as committee members to share accurate internal information in a timely manner and to improve the effectiveness of the Nomination and Remuneration Advisory Committee. The procedures for deliberating a proposal and making determination regarding candidate representatives for the Board of Directors by the Nomination and Remuneration Advisory Committee are performed by three committee members who serve as external directors except for the committee member who is the CEO.



The Company has introduced an executive officer system under which the management supervisory function is separated from the business execution function to clarify management responsibility and business execution responsibility since its establishment in October 2008.

The Board of Directors, in order to lead the Company’s initiatives in corporate reform and governance, is chaired by an external director, holds discussions between external directors as independent directors and directors concurrently serving as executive officers to make highly transparent decisions, and entrusts the business execution to executive officers. In accordance with decisions made at meetings of the Board of Directors, the chief executive to officer (CEO), serving as the chairman, takes the lead in the Executive Officers Committee’s meetings.

Each of the executive officers assumes responsibility for the overall operations of all businesses in the Americas, EMEA (Europe, Middle East, and Africa), APAC (Asia Pacific), and China, and is in charge of the Automotive Sector (AM Sector), Public Service Sector (PS Sector), or Media Service Sector (MS Sector), and thus their responsibilities are clarified in both businesses and regions. Furthermore, we introduced an execution system under which each executive officer is appointed to the positions of CFO (chief financial officer) or CTO (chief technology officer) or is in charge of each corporate division to support the CEO, and they have been performing their duties towards achieving the “Vision 2020”, Mid- to Long-Term Management Plan.

For more information, please visit our website at https://www.jvckenwood.com/en/corporate/governance/g_structure.html

Evaluation on Effectiveness of the Board of Directors

The JVCKENWOOD Group has evaluated and analyzed the effectiveness of the Board of Directors since 2016 in accordance with Article 17 of the JVCKENWOOD Corporate Governance Policy. The fourth such effectiveness evaluation was carried out in January 2019, with the results of self-evaluations made by each director and Audit & Supervisory Board members aggregated and analyzed by a third-party organization. The results confirmed that awareness of the need to promote improvements to governance was high across the Board of Directors, and that this, together with the establishment of a decision-making process by the Nomination and Remuneration Advisory Committee, demonstrated that the Board of Directors had been sufficiently effective.

1. Summary of the method of evaluation on effectiveness of the Board of Directors

This is the fourth year of the evaluation, we conducted the evaluation by combining selfevaluations by each director and Audit & Supervisory Board member through data aggregation and analysis by a third-party organization to receive candid opinions and conduct evaluation by ensuring objectivity and analyzed and evaluated the difference from the first evaluation.

Persons subject to evaluation

Directors and Audit & Supervisory Board Members

Evaluation method

Persons subject to evaluation answer the “Self-Evaluation Questionnaire” compiled and analyzed by a third-party organization.

Content of the Self-Evaluation Questionnaire

Proposed evaluation items were created in light of the appropriate roles of the Board of Directors of the Company and its functional enhancement. Then the questionnaire was prepared by narrowing down the evaluation items, taking into account opinions of an outside expert, which is a third-party organization, and based on the analysis and consideration of factors, such as the internal and external environment surrounding JVCKENWOOD.

2. Summary of the results of evaluation on effectiveness of the Board of Directors

As a result of analyzing and evaluating the Self-Evaluation Questionnaire results, the external and internal directors and the Board of Directors as a whole are found to have a high level of consciousness about the need to continuously promote improvements to governance. And, by establishing a decision-making process for nomination and remuneration by the Nomination and Remuneration Advisory Committee, delegating authority to executive officers, strengthening the monitoring function of the Board of Directors, and establishing off-site meetings for intensive discussions with parties other than the Board of Directors, the Board of Directors of the Company was confirmed to have been engaged in active discussions and has been sufficiently effective. Meanwhile, the Board of Directors has identified strengthening training for officers, responding to diversity, and assessing investment projects, etc., as issues to be addressed. The Board of Directors will continue its efforts to further deepen discussions on important subjects, such as the medium- and long-term business strategy of JVCKENWOOD.

► Policy for Corporate Officers’ Remuneration

With regard to remuneration for directors, the Company has provided for a method of determining the amount of remuneration in internal rules within the total amount of remuneration (36 million yen a month, of which compensation for external directors is up to 8 million yen) approved by resolution at the General Meeting of Shareholders. To be more specific, the amount of base remuneration of individual directors is determined and paid after the amount of remuneration of individual directors is set according to the base remuneration, position (such as chairman, president, deputy president, senior management executive officer and senior vice president) as well as job title (such as authority of representation, chief executive officer, chairman of the Board and Nomination and Remuneration Advisory Committee member).

Internal rules only provide for the method of determining the amount of monetary remuneration, and the Company does not pay directors and executive officers any remuneration other than money, such as stock or stock acquisition rights, as consideration for execution of their duties.

As for directors serving concurrently as executive officers, apart from the remuneration for directors, fixed remuneration reflecting the factors linked to performance is paid as remuneration for executive officers by adjusting incentives by multiplying the individual base remuneration calculated in accordance with internal rules by a coefficient linked to profit and performance (the amount of change in core operating income and net income (loss)). The said method has been employed because the index is clear and it can promote incentives since the remuneration will be increased or decreased according to an increase or decrease in the company profit. The Board of Directors has made a decision on this method after the Nomination and Remuneration Advisory Committee has concluded in its deliberations that it is appropriate. No incentive adjustment is made for non-executive directors including external directors.

Further, Directors join the Executive Shareholding Association, and contribute a certain percentage of money from the determined monthly remuneration to the Executive Shareholding Association and acquire the stock of the Company corresponding to a certain amount of money on a monthly basis, whereby they manage the company from the perspective of shareholders, focusing on mid-to long-term performance.

As to the establishment, revision and abolition of the internal rules providing for the remuneration for directors, the Nomination and Remuneration Advisory Committee comprised of a majority of Independent external directors will review the appropriateness, etc. of proposals discussed by the representative director of the Board, etc. and submit a report to the Board of Directors, and the Board of Directors will determine the establishment, revision and abolition of the internal rules taking into consideration the details of the report. Details of individual remuneration for directors, etc. will not be determined at the discretion of the representative director of the Board again.

With regard to remuneration for Audit & Supervisory Board members, the Company has provided for a method of determining the amount of remuneration in internal rules within the total amount of remuneration (9 million yen a month) approved by resolution at the General Meeting of Shareholders. Specifically, the amount of compensation for Audit & Supervisory Board members consists of base compensation, which is set separately for full-time Audit & Supervisory Board members and part-time Audit & Supervisory Board members, and compensation set according to the position (chairman of the Audit & Supervisory Board). The performance-linked factor is not introduced to compensation for Audit & Supervisory Board members and their compensation is fixed compensation.

Internal rules only provide for the method of determining the amount of monetary remuneration, and the Company does not pay Audit & Supervisory Board members any remuneration other than money, such as stock or stock acquisition rights, as consideration for execution of their duties. As in the case for directors, all Audit & Supervisory Board members join the Executive Shareholding Association. Each member contributes a fixed percentage of his/her determined monthly compensation to the Executive Shareholding Association and purchases a certain number of shares of the Company corresponding to the amount of his/her contribution every month, and thus, auditing reflects a shareholders' perspective.

The details of the internal rules for determining compensation for Audit & Supervisory Board members are finalized through discussion at the Audit & Supervisory Board meetings based on the report of the Nomination and Compensation Advisory Committee about appropriateness etc., in order to ensure consistency with the internal rules for compensation for directors and executive officers.

■ Total amount of remuneration by corporate officer title, by type of remuneration, and number of officers receiving

(From April 1, 2018 to March 31, 2019)

Corporate Officer Title	Total Remuneration (Millions of Yen)	Total Remuneration by Type (Millions of Yen)				Number of Corporate Officers Eligible for Remuneration
		Basic Remuneration	Stock Option	Bonus	Retirement Benefit	
Directors(excluding External Directors)	300	300	—	—	—	7
Audit & Supervisory Board Members(excluding External Audit & Supervisory Board Members)	49	49	—	—	—	2
External Corporate Officers	66	66	—	—	—	5
Total	416	416	—	—	—	14

(Note)

1. The above compensation for Directors does not include salaries of those who are also company employees. The Company does not pay bonuses, retirement benefits, or other monetary remuneration other than the above remuneration to Directors and Audit & Supervisory Board Members.

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

Striving to provide advice based on on-site information to use the changes of the times as opportunities for growth.

Yasuyuki Abe

Director of the Board (External Director),
Chairman of the Board



Needless to say, the most important role of an external director is to express opinions to the management and executive sides as an independent officer and spokesperson for all stakeholders, and to maximize corporate value through discussion. Additionally, since I have worked for a general trading company for many years, I believe that I am being requested to provide a global corporate management perspective and opinions on information related matters.

In order to achieve this mission, it is important to continuously ascertain the Company's actual situation and environmental changes in real time. In the Group, too, all businesses are in the midst of undergoing change, such as CASE* in the automobile industry and the digitization of wireless systems, and global competition has become increasingly fierce. In order to provide effective opinions in this context, it is necessary to obtain more realistic on-site information in addition to obtaining information at meetings of the Board of Directors and briefings held before and after such meetings. Thus, I have been trying to visit work-sites whenever I have an opportunity and speak with officers and employees, including engineers and sales staff. I also actively visit overseas offices to check the progress of the implementation of policies and plans. In addition to providing opinions and advice rooted in work-sites, appointing top management is also an important role. In the four years since I became an external director, the CEO has been replaced twice. I understand that the Nomination and Remuneration Advisory Committee, whose members are external directors, has played a significant role in these changes of the representative. I believe that the committee is functioning properly and that it is essential to continue the activities of the committee properly for the development of the Company.

In the past, Board of Directors' meetings tended to be held for long hours due to the broad scope of business covered. However, as the chairman of the Board, I have narrowed down the focus of the times and I believe we have been able to conduct more efficient discussions than in the past. In the future, we will work to promote more efficient discussions regarding the direction the company as a whole should take over the medium to long term.

Fortunately, today's JVCKENWOOD is in an environment where, unlike in the past when we were in a temporary contraction and equilibrium mode, we can discuss strengthening our existing businesses and positive and active investment in new businesses. To achieve sustainable growth in the future, it is important to continue attempting various businesses while getting a sense of the trends in the world. I believe that one of the important functions of us external directors is to ensure that discussions within the company are conducted properly in proceeding with such tasks.

I believe that attempting new businesses is a never-ending story. The most important thing is to always be humble and continue to pursue better things. Focusing my eyes on the Group's current business environment and changes in such environment as well as our vision, I will continue to lead diverse discussions that lead to sustainable growth.

*Connectivity, autonomous, shared and electric

Contributing to the creation of a system for human resource development and appointment that is essential for sustainable growth.

Shinjiro Iwata

Director of the Board (External Director),
Chairman of the Nomination and
Remuneration Advisory Committee



In my two years as an external director, I have given various opinions to the Board of Directors and the Nomination and Remuneration Advisory Committee. During the time, there are two main points that I have kept in mind.

One is to understand the Company's business. A mere third party cannot provide effective advice. Based on my experience gained through global management in the electrical manufacturing industry, I visit business sites in Japan and overseas to understand the actual condition of business by, for example, exchanging opinions with staff. Then, I promote discussions on "In these cases, we will ..." in addition to "what we should do."

The other thing is to freely state what I have noticed. Due to my long experience in managing overseas acquired companies, I believe that all participants should actively speak at meetings. It takes time for discussion, but I believe that this process is essential for ensuring greater transparency in decision-making and achieving accountability.

From these points of view, if I were to evaluate the current situation in my own way, I would say that active discussions are being held at our Board of Directors' meetings and that there is an atmosphere where one can speak freely at such meetings. I appreciate the fact that the chairman of the Board of Directors is an external director, and I also feel that the effective management of the proceedings by the chairman leads to free discussion and prompt decision-making.

On the other hand, I feel that there are challenges, too. For example, the Board of Directors consists of few people with technical backgrounds and women. The fundamental reason for this is the inadequacy of the human resource development and appointment

systems that support the management of the JVCKENWOOD Group. At the Company, members of the Nomination and Remuneration Advisory Committee interview executive officers and candidates for executive officers, including vice presidents, each year. I have also been present at such interviews, and I think that they constitute a very meaningful mechanism for understanding the current status of the business and the qualifications of candidates. However, since many people have no past experience in any other field or business, I feel that there are few opinions based on company-wide knowledge. Of course, interviews are an opportunity to select executive officers, so this is fine. Going forward, however, we will need to rotate younger people in their 40s across fields and businesses to create a personnel plan that will lead to the discovery and development of the Company's management personnel from an early stage. From the perspective of appointing human resources, I would like to contribute to the creation of a skill map that will serve as the basis for the systematic appointment of external directors, by clarifying the personnel and term of office required for each aspect of the direction of the company, such as investment in the DX Business and globalization.

As the Group has gone through a management reconstruction process and is now in a new stage of growth, I believe this is a good opportunity to build a more transparent and planned governance system and make decisions of a longer-term, strategic nature. I intend to continue to actively speak out to support these changes.

Aiming to help refine the JVCKENWOOD Group's tacit knowledge based on ideas from different perspectives and experience.

Yuji Hamasaki

Director of the Board (External Director)



Over 40 years, I have been involved in the manufacturing industry as an engineer and as a corporate manager with a background in engineering. During the first 30 years of my career, I was engaged in the development, design and commercialization of products related to optical communications; development of the U.S. market and production in China; and development of business related to broadband equipment and digital broadcasting transmission equipment in the age of the Internet. Today's Internet society has been formed by combining these communication technologies with many technological innovations. In the subsequent 10 years, as a corporate manager, I have been engaged in businesses related to heavy electric machinery, motors and social infrastructure, and I am still working actively. In areas where the technical requirements and time axes are quite different, I have experienced supervisory roles while spending most of my career serving as a managing executive.

I believe the purposes of the Board of Directors are, in plain words, adhering to rules and tackling business head-on and striving to improve corporate value by improving business performance. Every company has its own internal common sense, which is established as unwritten rules, but ideas from different perspectives and experience sometimes provide clues and motivate employees to refine their tacit knowledge. When I was asked if I could assume the office of external director, I wondered if I could be of any help while I thought it would be an honor to be appointed to such a position. However, at the same time, I thought that I could contribute to improving corporate value even a little by actively expressing my own experience and opinions, even if there were differences in business areas or specialty, and I decided to accept such appointment.

Since my appointment in June, I have attended several

meetings of the Board of Directors and the Nomination and Remuneration Advisory Committee, as well as exhibitions. I have also had opportunities to speak with various department managers. I have been trying to take such opportunities to learn not only about our business but also about our internal systems. I have also been trying to actively speak about my experience. It is important to make management decisions after learning about the big picture such as the company's history and trends of the times. At the same time, however, it is said that "God is in the details" and, in some cases, "devil" is considered the same. Therefore, I would like to enhance people's understanding of the details through free and vigorous discussions.

Recently, I heard someone from a chemical company say, "Our company will become an information technology company by 2030." In addition, it is said that "Banks will become information banks." The IoT allows us to collect and control a large amount of and various pieces of data, and the artificial intelligence (AI) processes, analyzes, and judges the collected data. As a result, they have an impact on all industries. The trend toward digital transformation (DX) is clear. Against this backdrop, the company has been accumulating experience and know-how in both analog and digital fields, with visual, audio and communications systems as core technologies. Maximizing the use of these assets will allow us to play an important role in Society 5.0, and it will also increase the company's corporate value. I would like to contribute to the sustainable growth of the company by evolving myself one step further.

Governance

Directors of the Board, Audit & Supervisory Board Members, and Executive Officers (As of Oct. 1, 2019)

■ Directors of the Board



Takao Tsuji

Title
Representative Director of the Board, Chairman

Career
Jun. 2002 President and Representative Director of Nissho Electronics Corporation
Jun. 2013 External Director of JVCケンウッド Corporation
May. 2014 Representative Director of the Board, President, COO of JVCケンウッド Corporation
Jun. 2016 Representative Director of the Board, President, CEO of JVCケンウッド Corporation
Apr. 2018 Representative Director of the Board, Chairman, CEO of JVCケンウッド Corporation

Concurrent Post
External Director of Dexerials Corporation (Since June, 2019)



Yasuyuki Abe

Title
Director of the Board (External Director), Chairman of the Board, Nomination and Remuneration Advisory Committee member

Career
Apr. 2002 Corporate Officer and Assistant to General Manager, Network Division, Sumitomo Corporation
Jun. 2009 Representative Director, Managing Executive Officer and General Manager, Financial & Logistics Business Unit of Sumitomo Corporation
Apr. 2011 Representative Director, Senior Managing Executive Officer and General Manager, New Industry Development & Cross-Function Business Unit of Sumitomo Corporation
Jun. 2015 External Director of JVCケンウッド Corporation
Jun. 2016 External Corporate Auditor of Fuji Heavy Industries Ltd.

Concurrent post
External Director of SUBARU CORPORATION, Advisor of Orange and Partners Co., Ltd.



Shoichiro Eguchi

Title
Representative Director of the Board, President and CEO, Nomination and Remuneration Advisory Committee member

Career
Jun. 2003 Senior Vice President & Executive Officer of Kenwood Corporation
Oct. 2005 President and Director of Kenwood U.S.A. Corporation
May. 2014 Representative Director of the Board, Executive Officer, Regional CEO (Europe) of JVCケンウッド Corporation
Apr. 2018 Representative Director of the Board, President, COO of JVCケンウッド Corporation
Apr. 2019 Representative Director of the Board, President, CEO of JVCケンウッド Corporation



Masaki Imai

Title
Director of the Board, Executive Vice President in charge of Administrative Division, COO EMEA, General Manager of Internal Governance Office

Career
Apr. 2001 General Executive of President's Office
Jun. 2010 Director of the Board, General Manager of Corporate Planning Department of Victor Company of Japan, Limited
Jul. 2012 Senior Vice President & Executive Officer, General Executive of Corporate Planning & Production Strategy Planning Division
Apr. 2018 Director of the Board, Executive Vice President, CSO, CAO, General Manager of Internal Governance Office of JVCケンウッド Corporation



Masatoshi Miyamoto

Title
Director of the Board, Senior Managing Executive Officer, CFO

Career
Oct. 2002 Head of Finance Planning Office, Finance Department of Kenwood Corporation
Jun. 2007 Director and President, Kenwood Electronics Trading (Shanghai) Co., Ltd.
May. 2014 Senior Vice President & Executive Officer, Head of Car Electronics Segment of JVCケンウッド Corporation
Apr. 2017 Managing Executive Officer, CFO of JVCケンウッド Corporation



Masao Nomura

Title
Director of the Board, Senior Managing Executive Officer, COO Automotive Sector, General Executive of Automotive OEM Business Division, In charge of DX (Digital Transformation) Business Division, In charge of Information Technology Department

Career
Jul. 1998 Director of the Board of Benelux N.V. (subsidiary of Sojitz Corporation)
May. 2014 General Executive of OEM Business, Car Electronics Segment of JVCケンウッド Corporation
Apr. 2017 Executive Officer, General Executive of OEM Business Division, Automotive Sector, Senior General Manager of Option Business Unit of JVCケンウッド Corporation
Jun. 2018 Director of the Board, Managing Executive Officer in charge of Automotive Sector General Executive of Automotive OEM Business Division, COO EMEA, of JVCケンウッド Corporation



Yoshio Sonoda

Title
Director of the Board, Executive Officer, CTO, General Executive of Automotive Engineering & Design Division, General Executive of Automotive Business Planning Division, In charge of R&D Department, In charge of Intellectual Property Department

Career
Jan. 2006 General Manager of Element Technology Development, Consumer Business Development Center of Kenwood Corporation
Apr. 2017 Vice President, General Executive of Automotive Engineering & Design Division of JVCケンウッド Corporation
Apr. 2018 Executive Officer, General Executive of Automotive Engineering & Design Division, JVCケンウッド Corporation
Apr. 2019 Executive Officer, CTO, General Executive of Automotive Engineering & Design Division, General Executive of Automotive Business Planning Division, In charge of R&D Department, In charge of Intellectual Property Department



Shinjiro Iwata

Title
Director of the Board (External Director), Chairman of Nomination and Remuneration Advisory Committee

Career
Apr. 2009 Vice President and Executive Officer, CEO of Service & Global Business, Information & Telecommunication Systems Group of Hitachi, Ltd.
Apr. 2013 Representative Executive Officer, Executive Vice President and Executive Officer CIO and CISO of Hitachi Group
Jun. 2015 Chairman of the Board & Director of Hitachi Koki Co., Ltd. (External Director)
Jun. 2017 External Director of JVCケンウッド Corporation

Concurrent Post
Director and Chairman of Benesse Holdings, Inc. (External Director), External Director of A.L.I. Technologies Inc.



Yuji Hamasaki

Title
Director of the Board (External Director), Nomination and Remuneration Advisory Committee member

Career
Jun. 2004 Executive Officer, Deputy Vice President, Infocommunications Business Unit of Sumitomo Electric Industries, Ltd.
Jun. 2006 Managing Director, Vice President, Broadband Solutions Business Unit of Sumitomo Electric Industries, Ltd.
Jun. 2010 Director & Senior Managing Executive Officer of Meidensha Corporation
Jun. 2013 Representative Director, President of Meidensha Corporation
Jun. 2019 External Director of JVCケンウッド Corporation

Concurrent Post
Representative Director, Chairman of MEIDENSHA, Executive Vice Chairman of the Japan Electrical Manufacturers' Association

■ Audit & Supervisory Board Members



Satoshi Fujita

Title
Audit & Supervisory Board Member (Full-time Audit)

Career
Jul. 2003 Manager of Tarumi Branch Office, Resona Bank, Limited / Mar. 2007 General Manager of Financial and Accounting Division / Jun. 2012 Director of the Board, Executive Officer, CFO of JVCケンウッド Corporation



Takayoshi Sakamoto

Title
Audit & Supervisory Board Member (Full-time Audit)

Career
Sep. 1996 Joined The Asahi Bank, Ltd., International Dept. (assigned to the U.S. Office) / Jun. 2008 Director of the Board, Senior Vice President & Executive Officer of Kenwood Corporation / Oct. 2011 SOO, Business Innovation in Europe of JVCケンウッド Corporation



Shojiro Asai

Title
Audit & Supervisory Board Member (External Auditor)

Career
Jun. 1999 Executive Managing Director, General Manager of Research & Development Group, Hitachi, Ltd. / Jun. 2005 External Corporate Auditor, Kenwood Corporation / Dec. 2006 Executive Vice President and Director, Rigaku Corporation / Jun. 2012 External Audit & Supervisory Board Member

Concurrent Post
ACCEL Research Area Advisor of The Japan Science and Technology Agency Member, Program Administration Committee, JST-Mirai Program Japan Science and Technology Agency



Nagaaki Ohyama

Title
Audit & Supervisory Board Member (External Auditor)

Career
Nov. 1993 Professor, Imaging Science and Engineering Institute, School of Engineering, Tokyo Institute of Technology / Apr. 2010 Professor, Imaging Science and Engineering Laboratory, Tokyo Institute of Technology / Jun. 2016 External Audit & Supervisory Board Member

Concurrent Post
Institute Professor, Institute of Innovative Research, Tokyo Institute of Technology Director of Managing Committee of Japan Agency for Local Authority Information Systems

■ Executive Officers



Takuya Arai

Title
Managing Executive Officer, General Executive of Automotive Aftermarket Business Division, COO APAC

Career
Nov. 2004 Product Planning Manager of PM Department, Car Electronics Business Division of Kenwood Corporation / Nov. 2012 General Executive of Brand Strategy of JVCケンウッド Corporation / Jun. 2016 Managing Executive Officer, General Executive of Aftermarket Business, Automotive Sector of JVCケンウッド Corporation



Naokazu Kurihara

Title
Managing Executive Officer, COO Americas

Career
Oct. 2002 President and Director of JVC Company of America / Jun. 2010 Director of the Board, General Executive of Digital Imaging Business Division of Victor Company of Japan, Limited / Sep. 2013 Director of the Board, Senior Managing Executive Officer



Akira Suzuki

Title
Managing Executive Officer, COO Public Service Sector

Career
Oct. 2006 Chief Engineer of Communication Business Division of Kenwood Corporation / Jun. 2013 Managing Executive Officer of IT, General Executive of Communication Division of JVCケンウッド Corporation / Jul. 2016 Managing Executive Officer Deputy COO Americas (Public Service Sector) of JVCケンウッド Corporation



Shinichi Takada

Title
Managing Executive Officer, Assistant to Head of Administrative Division (Corporate Strategy Department, Legal Affairs Department, Corporate Communication Department, Brand Strategy Department)

Career
Apr. 2006 President and Director of JVC Mobile Company of America / Jun. 2013 Operating Officer, General Executive of Car Electronics Consumer Division / Apr. 2017 Executive Officer, COO Asia Oceania, JVCケンウッド Corporation



Kazuyoshi Hayashi

Title
Executive Officer, COO Media Service Sector, General Executive of Media Business Division

Career
Dec. 2004 General Manager of Camcorder Category, AV&Multimedia Company of Victor Company of Japan, Limited / Oct. 2011 Chief Engineer of HM Business Group of JVCケンウッド Corporation / Apr. 2018 Executive Officer in charge of Media Service Sector of JVCケンウッド Corporation (current position)



Akihiko Terada

Title
Executive Officer, COO China, Senior Executive of Automotive, China, Chairman of JVCケンウッド Hong Kong Holdings Limited

Career
Jul. 1997 Director of the Board, Administrative Business Group, General Executive of Business Solution Division / Apr. 2016 Vice President, General Executive of Healthcare Business Division / Apr. 2018 Senior Vice President, General Executive of Communications Systems Division of JVCケンウッド Corporation



Osamu Muraoka

Title
Executive Officer, General Executive of Communications Systems Division, Public Service Sector

Career
Apr. 1993 Joined The Nippon Credit Bank, Ltd. / Jun. 2012 Operating Officer, Professional Systems Business Group, General Executive of Business Solution Division / Apr. 2016 Vice President, General Executive of Healthcare Business Division / Apr. 2018 Senior Vice President, General Executive of Communications Systems Division of JVCケンウッド Corporation



Junko Koshino

Title
Executive Officer, General Manager of Corporate Strategy Department

Career
Apr. 1993 Joined The Nippon Credit Bank, Ltd. / Jan. 1997 Fidelity Investments Japan Investment Analyst / Apr. 2012 Morito Co., Ltd. Executive Officer, General Manager Corporate Strategy Department / Apr. 2017 Vice President, General Manager of Corporate Strategy Department of JVCケンウッド Corporation

For more information, please visit our website at <https://www.jvckenwood.com/en/corporate/management.html>

Promotion of Compliance

Basic concept and promotion system

The JVCKENWOOD Group understands that compliance requires companies to go beyond simply observing laws and regulations and to also address issues of great public concern stemming from rapid changes that have yet to be dealt with in legislation. Among these issues are included reducing greenhouse gases and preventing workplace harassment and other infringements of human rights. Accordingly, we have established "Complying with laws and regulations and engaging in sincere and responsible behavior" as one of our new behavior guidelines, and ensuring proper operations in keeping with the JVCKENWOOD Group Compliance Activity Standards. The Compliance Committee headed by the CEO and the Internal Governance Office will be leading company-wide efforts aimed at ensuring full compliance within the JVCKENWOOD Group.

Specific initiatives to promote compliance

Compliance Code of Conduct

The JVCKENWOOD Group Compliance Activity Standards (established in March 2010) have been promulgated among all executives and employees within the Group through pamphlets (available in three languages) and an Intranet site. Employees at affiliate companies under the Group's purview are being familiarized with the standards by compliance officers selected by the Board of Directors.

Our Basic Position
«Don't hide and delay, but act now!»
1. Complying with laws, ordinances, and rules
2. Having the courage to be honest
3. Acting without delay

Compliance training

Education on compliance is principally the responsibility of the Internal Governance Office, which endeavors under the CEO's guidance to thoroughly inform all executives and employees on compliance matters in order to construct a robust compliance structure. New employees are provided with training in face-to-face sessions while other employees are provided with regular training through e-learning on the Intranet. Compliance officers conduct annual training for division heads and other

executives on the topics covered by the Compliance Activity Standards and other related regulations as well as on the whistleblower system. About 4,300 executives and employees underwent some form of compliance training during FY2018.

Training on fair trade, corruption prevention, and anti-competitive behavior

Training on fair trade, corruption prevention, and anti-competitive behavior has heretofore been provided within the context of covering topics included in the Compliance Activity Standards but, in view of the particular importance of certain items, we plan from FY2018 to provide separate training (via e-learning) for all employees.

Internal whistleblower system

JVCKENWOOD has two whistleblower systems — a whistleblower reporting system (helpline) and an auditing informer system — available in Japanese and English to all executives and employees (including contract employees). Employees having compliance concerns can directly report these concerns through the whistleblower reporting system (helpline) established within the Internal Governance Office in line with Internal Whistleblower Rules, and corrective measures will be taken at the direction of the Compliance Committee. When accounting or auditing concerns arise, employees may use the auditing informer system set up at the Audit & Supervisory Board Office to directly report these. Both systems employ a dedicated communications system run by select personnel to protect the notifier's name and maintain the confidentiality of the report. We will continue using both systems to detect and rectify compliance violations (behaviors that deviate from social norms).

Risks and Opportunities

Key Philosophy and Activities

The JVCKENWOOD Group regards risks as factors that could inhibit the achievement of business plans amid changes in the social demands and circumstances surrounding the Company. The Group regularly identifies risks faced by all its business sites around the world to recognize them clearly, set issues to tackle to prevent the realization of the identified risks and minimize their impact or damage, and resolve those issues systematically. In the meantime, some of the identified risks could affect the entire Company and thus require problem-solving activities on a company-wide scale and from a company-wide perspective. Management takes the initiative in implementing measures to resolve such problems. We believe the most effective way to pursue such activities is to accurately recognize individual risks that arise from daily business activities and learn what issues need to be addressed to reduce risks, based on which the global business sites and management will cooperate in resolving

issues. The Group will proactively continue to implement global risk management, while thinking of risks as opportunities to contribute to sustainable growth as a company and increase corporate value.

Risk management system

JVCKENWOOD implements the risk surveillance process shown in the diagram below at all its business sites around the world every year. The purpose is to ensure the risk management activities are conducted through collaboration between its business sites and management. In the risk surveillance process implemented throughout the year, we quantitatively assess the significance of risks identified by the business sites, examine problems in reducing risks of high significance, and work on resolving those problems and confirm the effect. The Enterprise Risk Management Conference, which is comprised of members chosen from company executives and chaired by the risk management officer, keeps track of the progress and results of such activities. For risks that need to be addressed on a company-wide scale and from a companywide perspective, company executives in charge selected from among the members of the Enterprise Risk Management Conference systematically provide support to solve problems. At the Enterprise Risk Management Conference in FY2018, efforts were reported regarding BCM measures in the event of natural disasters and information security enhancements, we continue to take countermeasures.

Business Continuity Management (BCM)

Facing various risks, in particular emergency situations including earthquakes and other natural disasters, spread of epidemics, and the global expansion of terrorism, the JVCKENWOOD Group recognizes that its first social responsibility to stakeholders is to put the utmost priority on preserving human life, and its second is to deliver products and services. To fulfill these responsibilities, the Group has defined the basic principle of the Business Continuity Plan (BCP) as contributing to social security and safety through continuing business by swiftly reinitiating business operations after the occurrence of an emergency situation. Based on this policy, the JVCKENWOOD Group

conducts BCP activities at all its business divisions.

Basic policy on Business Continuity Plan (BCP)

Contribute to the security and safety of society through sustained business operations by promptly restoring business activities after an emergency occurs

In accordance with "The Certification Guidelines for Organizations Contributing to National Resilience" (released by the National Resilience Bureau of the Cabinet Secretariat in February 2016), we acquired the certification carried out by Resilience Japan Promotion Council in March 2017.

After two years of continuous disaster prevention/mitigation activities and business continuity planning efforts, and having passed an improvement examination in writing and an executive interview, we successfully renewed the resilience certification on March 29, 2019. We humbly believe that our proactive business continuity initiatives in the past and on-going efforts for improvement have been positively evaluated, and we are determined to continue working for an even better BCM quality.

Image of risk management structure

