

Social and Environmental Initiatives (CSR)

Environmental Vision

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

Environmental Policies

To preserve the global environment as well as resources and prevent pollution, the JVCKENWOOD Group will carry out its corporate management while considering the environment by making continuous improvements to all of our business activities, our product development, and our services with full awareness of our environmental impacts.

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.

Eco Promotion Plan 2020

The JVCKENWOOD Group has established four action items based on the Environmental Vision and the Environmental Policies, and will work to accomplish the goals of the Eco Promotion Plan 2020.

<h3>(1) Promotion of Energy Saving</h3> <ul style="list-style-type: none"> ● Saving energy in business centers and production base ● Developing energy-saving products using Life Cycle Assessment (LCA) <ul style="list-style-type: none"> - Reducing power consumption in both use and standby modes - Making products increasingly compact and lightweight (reduction of transportation energy) ● Developing elemental technologies that contribute to energy saving 	<h3>(2) 3R Activities</h3> <ul style="list-style-type: none"> ● Developing products designed for recycling <ul style="list-style-type: none"> - Adopting ecological and recyclable materials - Company-wide rollout of 3R design methods (increased decomposability, resource conservation, and more) ● Reducing and recycling waste <ul style="list-style-type: none"> - Maintaining zero waste emissions at Japanese production and business bases - Achieving zero waste emissions at global production bases 	<h3>(3) Appropriate Management of Chemical Substances</h3> <ul style="list-style-type: none"> ● Promoting green procurement <ul style="list-style-type: none"> - Improving green levels of business partners ● Reducing harmful substances in products <ul style="list-style-type: none"> - Encouraging switching to safer substitutes ● Company-wide promotion of alternatives to harmful substances and their appropriate handling 			
<h3>(4) Maintenance of Biodiversity</h3> <p>Recognizing the effects on biodiversity of all business activities, product development, and services to comprehensively reduce our environmental impacts in harmony with the natural environment.</p> <table border="0"> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> ● Reducing CO₂ emissions by promoting energy savings <ul style="list-style-type: none"> - Impact of global warming on the ecosystems of flora and fauna </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> ● Promoting 3R activities <ul style="list-style-type: none"> - Impacts of exploiting mineral resources on the ecosystem </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> ● Appropriate management of chemical substances <ul style="list-style-type: none"> - Impacts of air pollution and soil contamination on the ecosystem </td> </tr> </table>			<ul style="list-style-type: none"> ● Reducing CO₂ emissions by promoting energy savings <ul style="list-style-type: none"> - Impact of global warming on the ecosystems of flora and fauna 	<ul style="list-style-type: none"> ● Promoting 3R activities <ul style="list-style-type: none"> - Impacts of exploiting mineral resources on the ecosystem 	<ul style="list-style-type: none"> ● Appropriate management of chemical substances <ul style="list-style-type: none"> - Impacts of air pollution and soil contamination on the ecosystem
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Environmental Management

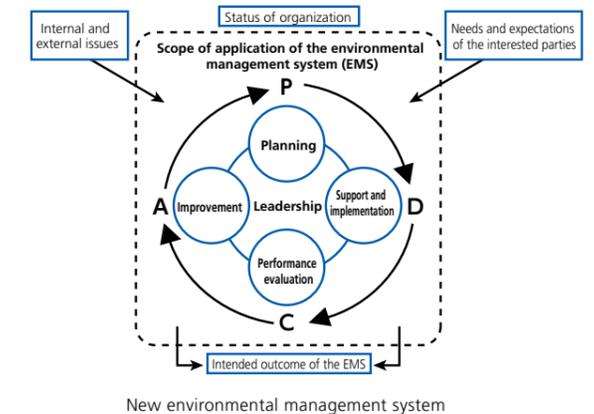
The JVCKENWOOD Group promotes company-wide environmental management through activities such as introducing the environmental conference and the environmental management system and providing environmental education, for the purpose of developing and producing products as well as engaging in business activities with no environmental impacts.

◆ JVCKENWOOD Environmental Conference

The JVCKENWOOD Group has established a system for promoting environmental management activities, in which the JVCKENWOOD Environmental Conference, the highest decision-making body chaired by the President, holds regular meetings attended by the person in charge of environmental promotion and permanent members twice a year, to lay out the framework for proposing and considering the environmental issues the Group needs to address. The JVCKENWOOD Group conducts global environmental conservation activities based on policies and measures determined by the JVCKENWOOD Environmental Conference.

◆ Maintaining ISO14001 Certification

JVCKENWOOD has obtained ISO14001 integrated certification as the JVCKENWOOD Group, including its domestic business centers and production bases, production companies, and affiliated companies, and individual certification at overseas production companies. In FY2017, we expanded the scope of activities that focused on reducing our environmental impacts to incorporate "the economy," "the environment," and "society," the environmental aspects that are linked directly to sustainability management, and developed ISO14001:2015. We plan to obtain ISO14001:2015 certification for the Group's entire operations in Japan and overseas by August 2018.



◆ Sustainability Procurement (Green Procurement)

We consider it necessary to conduct procurement activities in our supply chain, while considering the requirements of the international community, such as in considering the environment and controlling conflict minerals at business partners, respecting human rights, and promoting legal compliance and fair transactions, in order to realize a sustainable society.

As an initiative that considers the environment and other factors, the JVCKENWOOD Group has formulated the Green Procurement Guidelines, and implements green procurement for adopting and procuring products and components with low environmental impacts on a priority basis by conducting surveys of chemical substances in procured materials and green procurement assessments with the understanding and cooperation of business partners. We, along with the many partners who make up our supply chain, are endeavoring to establish transparent relationships of mutual trust, coexistence, and co-prosperity, based on observing laws and social norms, and promote activities to appropriately manage chemical substances.



Green Procurement Guidelines

◆ Initiatives for Biodiversity

To conserve biodiversity and realize the sustainable use of ecosystem services, it is important for everybody to recognize the value of the ecosystem and reflect that understanding in their own decision-making and behavior. The JVCKENWOOD Group will promote corporate activities that consider the natural environment, with full recognition that all of its business activities, product development, and services affect biodiversity and by continuously enhancing its activities to conserve resources and prevent pollution.

◆ **Activities for Raising Environmental Awareness**

To design products and conduct business and production activities with low environmental impacts, the JVCKENWOOD Group acknowledges the impact on the environment caused in the course of performing regular work assignments by all its employees, and disseminates the roles and responsibilities of each employee, as well as information that is useful for daily business operations. We proactively organize environmental improvement events, held at domestic production bases and affiliated companies on an ongoing basis, and conduct travelling environmental classrooms at local schools and after-school day-care clubs. In addition, details of such activities are made available to all the employees via the Intranet to raise their environmental awareness.



Travelling environmental classroom at an elementary school (Japan)



Environmental internship (Japan)



Salt Licks for Elephant Project and Small Dam-Building Project with participation by employees as volunteers (Thailand)



The JVCKENWOOD Group's Environmental Activities (FY2017)

◆ **Initiatives for Environmental Beautification**

We periodically carry out environmental beautification activities to increase participation in environmental conservation activities and deepen understanding.

● **Clean-up Activities (Japan)**
The JVCKENWOOD Group conducts clean-up activities periodically in cooperation with its employees and their family members and local companies. We conduct environmental beautification activities, in which we clean up areas surrounding our business centers, as well as pick up, separate, and carry trash in the river nearby to encourage participants to consider the significance and importance of separating trash.



Participated in the Tenryu River basin environment picnic and conducted joint environmental training for new employees with local companies (Japan)



◆ **Initiatives for Creating Environmental Value**

We conduct product development and research activities toward solving social issues.

● **Exhibiting Forest Notes Scope VR at Maker Faire Tokyo 2017 (Japan)**
JVCKENWOOD Design, Corp., a JVCKENWOOD Group company, conducts research and development activities on the theme of people's five senses and sensibilities. At Maker Faire Tokyo 2017, an international craftsmanship fair, the company demonstrated Forest Notes Scope VR, a VR device like a field scope for viewing a virtual world, crafted by a 3D printer, as a proposal for use in environmental and biodiversity education at schools and nature centers and other experiential facilities.



Poster of FN Scope VR

The JVCKENWOOD Group's Social Contribution Activities (FY2017)

The JVCKENWOOD Group, as a good corporate citizen, is proactively engaged in social contribution activities through the voluntary participation of individual employees in local activities with the aim of achieving coexistence and development with local communities.

◆ **Initiatives for the Next Generation**

We will make efforts to foster the next generation and co-create value for the next generation, with the aim of supporting the sound growth of children, who will be leaders in the future, and contributing to the development of a sustainable society.

● **Social Studies Plant Tour/Work Experience (Japan)**
The JVCKENWOOD Group provides plant tours and work experience for children to give them opportunities to develop a heightened sensitivity through the experience of learning by themselves and to draw out the infinite potential of individual children.



● **Acceptance Program for University Students (Malaysia)**
The Group's Malaysia plant accepted engineering students of the University of Southampton Malaysia Campus, and exchanged the latest technologies and knowledge of 3D printers, robotic machines and more with them.



◆ **Sports and Culture/Arts Support Activities**

The JVCKENWOOD Group is proactively promoting sports and regional/social contribution activities.

● **Providing T-Shirts with the Kenwood Logo (Italy)**
JVCKENWOOD ITALIA S.p.A., a JVCKENWOOD Group company, provided T-shirts with the Kenwood logo to a Milan-based amateur soccer team called CSI.



◆ **Initiatives for the Local Community**

The JVCKENWOOD Group conducts activities to strengthen relationships of cooperation and trust with local people.

● **Halloween Costume and Cubicle Decoration Event (the US)**
Zetron, Inc., a JVCKENWOOD Group company, annually holds the Halloween Costume and Cubicle Decoration event. In 2017, the company raised donations for the Children's Miracle Network Hospitals.



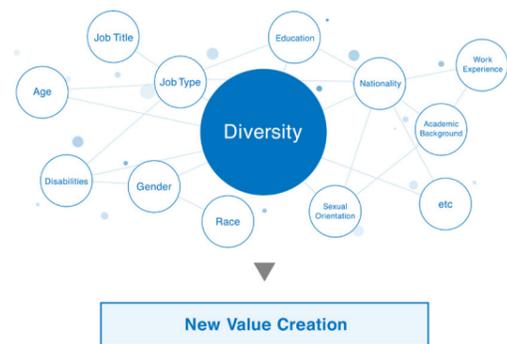
◆ **Major Social Contribution Activities by the JVCKENWOOD Group**

- Established a Charitable Giving Matching Program (the US)
- Became a Business Friend of the Dutch Cancer Society (DCS) to contribute to research on cancer (the Netherlands)
- Supported ATA EUROPEAN CAMP sports event (Spain)
- As a TeenTech supporter, provided learning opportunities for students (the UK)
- Leased a projector for an outdoor movie show free of charge (Italy)
- Participated in the Milano Loves You Run 2017 as a sponsor (Italy)
- Maintained and repaired furniture and fixtures at schools to contribute to improving the learning environment (Indonesia)
- Donated prizes to the Baht at Ban-Hnong-Ta-Kong Child Development Center (Thailand)
- Participated in blood donation drives (China, Thailand, the US, and Japan)
- Akagawa estuary clean-up activities in Yamagata (Japan)

Diversity

Diversity & Inclusion

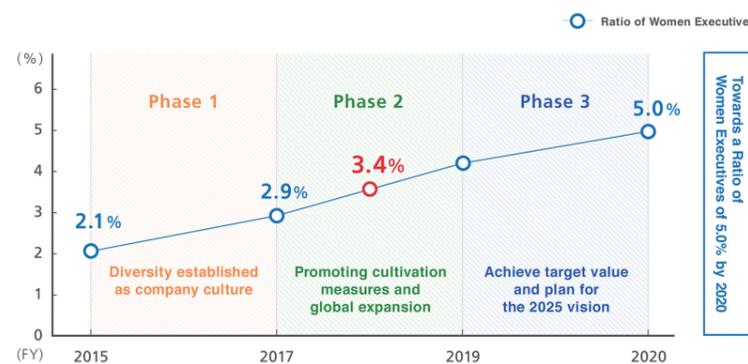
JVCKENWOOD is committed to promoting diversity and inclusion to show respect to people from diverse backgrounds and accept various ways of thinking and opinions. We believe that when people with a diverse range of ideas and values respect and inspire each other, the company can generate innovative ideas and meet a variety of customer needs around the globe. To this end, JVCKENWOOD holds in-house awareness programs and recruits and appoints diverse personnel.



This logo represents people with diverse values joining hands and moving in unison toward the future. A wide range of colors, including JVCKENWOOD's corporate color of blue, is adopted to express the union of diverse races, genders, and values.

Action Plan

As described in the following chart, JVCKENWOOD has set up an action plan to promote diversity. We are currently in Phase 2, "Promoting cultivation measures and global expansion," which involves giving training to female employees at each grade with the objective of cultivating future candidates for management positions. Training is also being provided for managers of female employees. A goal of increasing the ratio of women executives to 5.0% in FY2020 has been set, and as a result of the above initiatives, that ratio increased from 2.1% in FY2015 to 3.4% as of April 2018. Also, in March 2018, the Ministry of Health, Labour and Welfare awarded JVCKENWOOD with Level 3 Eruboshi certification under the Act on Promotion of Women's Participation and Advancement in the Workplace, which is the highest level of the certification for female-friendly workplaces.



Purejo-Bu for Workplace Vitalization

With the objective of "creating a company in which all employees can take pleasure in their work, regardless of their race, nationality, religion, physical ability, gender, age, or sexual orientation," a project team called Purejo-Bu (abbreviation for Pleasure in the Job) has been formed to identify issues in the various workplaces that need to be resolved and to propose solutions to those issues. In FY2017, the team held a seminar and networking event on the theme of "health management for women to keep working with vitality."



Purejo-Bu Networking Event

Initiatives to Support Diverse Working Styles

JVCKENWOOD supports diverse working styles to enable employees with diverse backgrounds to take pleasure in their work.

Supporting employees to balance childcare and family care with work

In addition to providing a range of support programs on how to balance childcare and family care with work, JVCKENWOOD holds seminars for employees to help them successfully cope with work, child rearing and nursing care. The number of male employees taking childcare leave is also on the rise.

Comments from male employees who have taken childcare leave (from our website)

Takashi Himukashi (Group 3, Development Department, Engineering & Design Division, Media Business Division, Media Service Sector)

Taking childcare leave meant that I was able to be with my family for two whole months after the birth of my child. This enabled me to experience for myself just how difficult and important those first few months after birth are for both mother and child. Of course, work is important, but those months watching over my baby's growth were a very precious time. Our children are small for only a very short time, so I was glad that I took the bold move to take childcare leave.



Mikihiko Yamada (Information Systems Group, Corporate Planning Division, JVCKENWOOD Victor Entertainment Corporation)

Right from when I first joined the company, I had decided that I would take childcare leave when my children came along. The company offers childcare leave, so I think it would be a waste not to take it. You can definitely have a valuable experience when there are still not many people who take this leave. Even after the childcare leave, child rearing does not end, and there are many situations in which you need to take time off. I think that the childcare leave period is a good time to lay the foundations for being able to take time off work smoothly.



Takashi Sugaya (Diversity Promotion Office, General Administration Department)

Through my experiences from childcare leave, I learned just how difficult it is to balance child rearing and household chores, so I have become much more aware of my time and actions to go home as early as possible. I think that the time we spent together as a family of three made our bond stronger. Also, because I took childcare leave, I have more opportunities to talk about my child at work, so I feel that it has made communication easier. I believe that childcare leave is a good opportunity not just for home life, but also for the workplace to take a fresh look at the way we work.



Nursing Care Handbook

As part of JVCKENWOOD's support for employees to strike a balance between nursing care and work, a handbook providing basic information about nursing care and the programs available has been produced and made available on the company Intranet.



Juggling Work & Nursing Care Handbook

Initiatives for People with Disabilities

With the aim of creating a comfortable workplace for all employees, regardless of whether or not they have a disability, training sessions have been held to deepen understanding about the information and ideas needed to work together with employees with disabilities.

Also, as an initiative of support for people with disabilities, diversity and inclusion, JVCKENWOOD has concluded a Memorandum of Understanding with the City of Yokohama, and the Rendez-vous Project Yokohama Committee and SLOW LABEL (Specified Nonprofit Corporation), which organize Yokohama Paratriennale, with the aim of supporting cultural and artistic activities in which people with and without disabilities work together.

LGBT Initiatives

Employees are given training to deepen their understanding of LGBT issues, and a range of initiatives have been launched to improve the workplace environment for LGBT employees. In May 2018, JVCKENWOOD participated in the Tokyo Rainbow Pride 2018, one of Japan's largest LGBT festivals.



Human Resource Management

Together with Employees

The JVCKENWOOD Group promotes measures to reform the way people work and strives to address health management in its aim to become a company whose employees are all healthy and enjoy their work.

Promoting work style reform

The JVCKENWOOD Group has steadily been enhancing its efforts to help employees have a good balance between their work and family life (work-life balance), with the aim of positively embracing the diverse lifestyles and ways of working of employees, since it launched a work style reform project last fiscal year.

●Cutting total working hours and encouraging creativity through increased productivity

We are conducting activities aimed at cutting total working hours by improving operational efficiency. Specifically, we are implementing various measures including constructing a New Internal Portal to provide excellent communication and searchability, optimizing internal meetings which take up the most of employees' working time, establishing satellite offices and promoting telecommuting to enable employees to reduce transit time and work wherever they are, and so on. Through these measures, we first aim to cut the average actual total working time per employee Group-wide from 1,986 hours in fiscal 2017 to less than 1,900 hours within two years. We hope that giving all our employees more spare time to spend freely will increase their creative time, leading to a virtuous circle between their work and private lives.

●Encouraging the taking of planned leave

As well as cutting total working hours, we are encouraging employees to take more planned leave. We recommend five days of consecutive leave for workers and managers, and are striving to increase the average amount of leave taken per year per employee from 16.5 days in fiscal 2017 to 20 days by fiscal 2020.

●Promoting exchange activities crossing workplace boundaries (club activities, Terakoya)

As a new trial since fiscal 2017, we have been actively promoting some social activities outside working hours.

One is the introduction of an authorization system and a subsidy system for in-house clubs. Forty clubs have been launched since applications were opened last fall, and various sport and culture associations are independently



carrying out activities that cross the boundaries between workplaces.

We have also established Terakoya, the nickname for our in-house after-work club for study and interaction. In this activity, employees who have different areas of expertise give lectures. It has been held a total of five times since last year, and we plan to expand this in future.



Promoting the Health of Employees

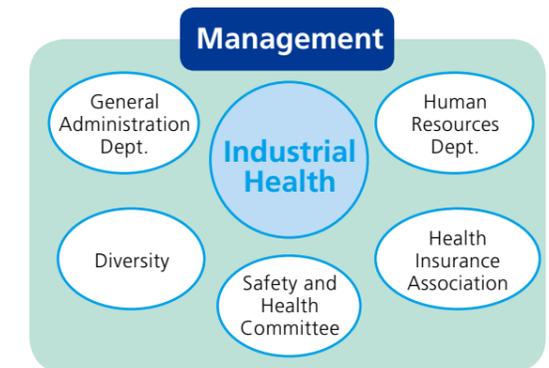
Health Management

JVCKENWOOD is striving to become a company that is a good partner to all stakeholders and offers its employees rewarding tasks, a sense of achievement and fulfillment, and the joy of working with excitement. To achieve this goal, we have been delivering the JVCKENWOOD Health Policy Statement as a management message to employees to promote the "creation of a workplace environment that enables employees to stay healthy and motivated at work," which is essential for each employee to demonstrate their abilities to the fullest.

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."

Based on the JVCKENWOOD Health Policy Statement, we promote health maintenance and enhancement of employees through the collaborative efforts of management and the relevant divisions, such as the Industrial Health, Human Resources Department and General Administration Department as well as the Health Insurance Society.



Mental Healthcare Measures

JVCKENWOOD is striving to raise awareness of mental health among employees with a stress check-up system, and working to improve the workplace environment through employee care overseen by the line manager and other measures. At the same time, we have established a counseling service hot line with external counselors, and set up a system for helping employees resolve their work and private worries.

We have also established a return-to-work support system for employees who are on leave but will go back to work. The system supports their smooth return to work by increasing their workload and working time in stages.

Overtime Work Prevention Measures

In coordination with our work style reforms, we actively try to reduce employees' working hours. We also strive to prevent health damage by providing those who do work long hours with face-to-face guidance or a medical interview with an industrial physician.



Industrial physician interviewing an employee who works long hours

Promotion of Health Management Activities

Certified by "White 500 - Companies with Excellent Health Management in 2018," which is jointly administered by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi, JVCKENWOOD will accelerate our collaborative healthcare programs with health insurance associations and engage in further health management activities.

Amid recent reporting worldwide on the toxicity of passive smoking, we will reinforce our anti-smoking measures and aim to lower our smoking rate to below 20% by fiscal 2020.





Corporate Governance

Corporate Governance Structure

JVCKENWOOD believes that one of its most important management issues is to increase the transparency and efficiency of its managerial decision-making process and improve corporate value by strengthening corporate governance. To this end, we make it a basic policy to enhance corporate governance through the establishment of a structure that includes checks and balances. That policy calls for separating management from the execution of operations, recruiting external directors and auditors, improving the function of acting as a check by establishing internal audit sections, and thereby strengthening the Company's internal control system on a Group-wide basis.

JVCKENWOOD has formulated the JVCKENWOOD Corporate Governance Policy, which sets out its basic approach and key policies regarding corporate governance based on each principle of the Corporate Governance Code. The JVCKENWOOD Corporate Governance Policy is available on the Company website.

(<http://www.jvckenwood.com/corporate/governance/>)

Corporate Organizations

1. Matters Relating to the Board of Directors and Directors

The Board of Directors, regarded as an organization that makes fundamental and strategic decisions while overseeing business execution, holds regular meetings once a month and extraordinary meetings when necessary to deliberate and decide on basic management policies and important matters as well as to monitor and oversee the status of business execution. Directors' terms of office are for one year to make their responsibilities clear and to make management decision-making processes quicker. In addition, we proactively recruit external directors to increase the transparency of decision-making and lead innovation and governance.

JVCKENWOOD, in December 2015, established the Nomination and Remuneration Advisory Committee, for which all of its external directors serve as committee members, with the aim of strengthening the independence and objectivity of the functions of the Board of Directors. The Nomination and Remuneration Advisory Committee has since proposed JVCKENWOOD the representative candidates to the Board of Directors, and reviewed the appropriateness of director candidates and directors' compensation plans proposed by the representative 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. As of June 22, 2018, Junichi Hikita, who serves as external director, chairs the Nomination and Remuneration Advisory Committee, and Yasuyuki Abe and Shinjiro Iwata, who are external directors, serve as committee members.

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 22, 2018, Yasuyuki Abe, who serves as external director, chairs the Board of Directors.

The Articles of Incorporation of the Company provide for a maximum of nine directors. JVCKENWOOD has nine directors, and they were appointed at the 10th Ordinary General Meeting of Shareholders held on June 22, 2018.

To ensure the effectiveness of the management supervisory functions based on experience, achievements, professional viewpoints, insights and other attributes, as well as independence in terms of having no potential conflicts of interest with general shareholders, JVCKENWOOD elects

candidates for external directors, in principle, by taking such procedures as confirming their business background (i.e. confirming they have not been major shareholders of JVCKENWOOD or engaged in the execution of operations of any of JVCKENWOOD's main business partners) based on its independence standards and policies. Since June 22, 2018, JVCKENWOOD has appointed Yasuyuki Abe, Junichi Hikita, and Shinjiro Iwata as external directors.

2. Matters Relating to the Executive Officer System

JVCKENWOOD has adopted an executive officer system, differentiating its business execution function to clarify management responsibility and business execution responsibility. Since June 22, 2018, nine directors (including three external directors) and 14 executive officers (six concurrently holding positions as directors) have been performing their duties.

The Board of Directors, which leads innovation and governance, works to strengthen governance with an external director serving as the Chairman, makes decisions through discussions between external directors as independent directors and directors serving concurrently as executive officers, and delegates authority for business execution to executive officers. In addition, the Chairman, Representative Director of the Board serves as the Chief Executive Officer (CEO) and the President, Representative Director serves as the Chief Operating Officer (COO), and they are responsible for both management supervision and business execution. According to the decisions at meetings of the Board of Directors, the CEO chairs the Board of Executive Officers' meetings, and each executive officer executes business operations with responsibility.

JVCKENWOOD has established the position of regional Chief Operating Officer (COO) for executives who assume responsibility for the overall operations of all businesses in the Americas, EMEA (Europe, Middle East, and Africa), APAC (Asia Pacific), and China, as well as the position of General Executive in the Automotive Sector, Public Service Sector, and Media Service Sector. We have also established the positions of Chief Strategy Officer (CSO), Chief Administration Officer (CAO), Chief Financial Officer (CFO), and Chief Technology Officer (CTO) for officers who oversee corporate divisions, and appointed executive officers to those positions. In this way we have shifted to a new execution system, under which appointed executive officers support the CEO and the COO towards achieving Vision 2020, the Group's Mid- to Long-Term Business Plan.

3. Matters Relating to the Audit & Supervisory Board and Audit & Supervisory Board Members

JVCKENWOOD is a company with an Audit & Supervisory Board. 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, business execution of the entire Group and corporate accounting.

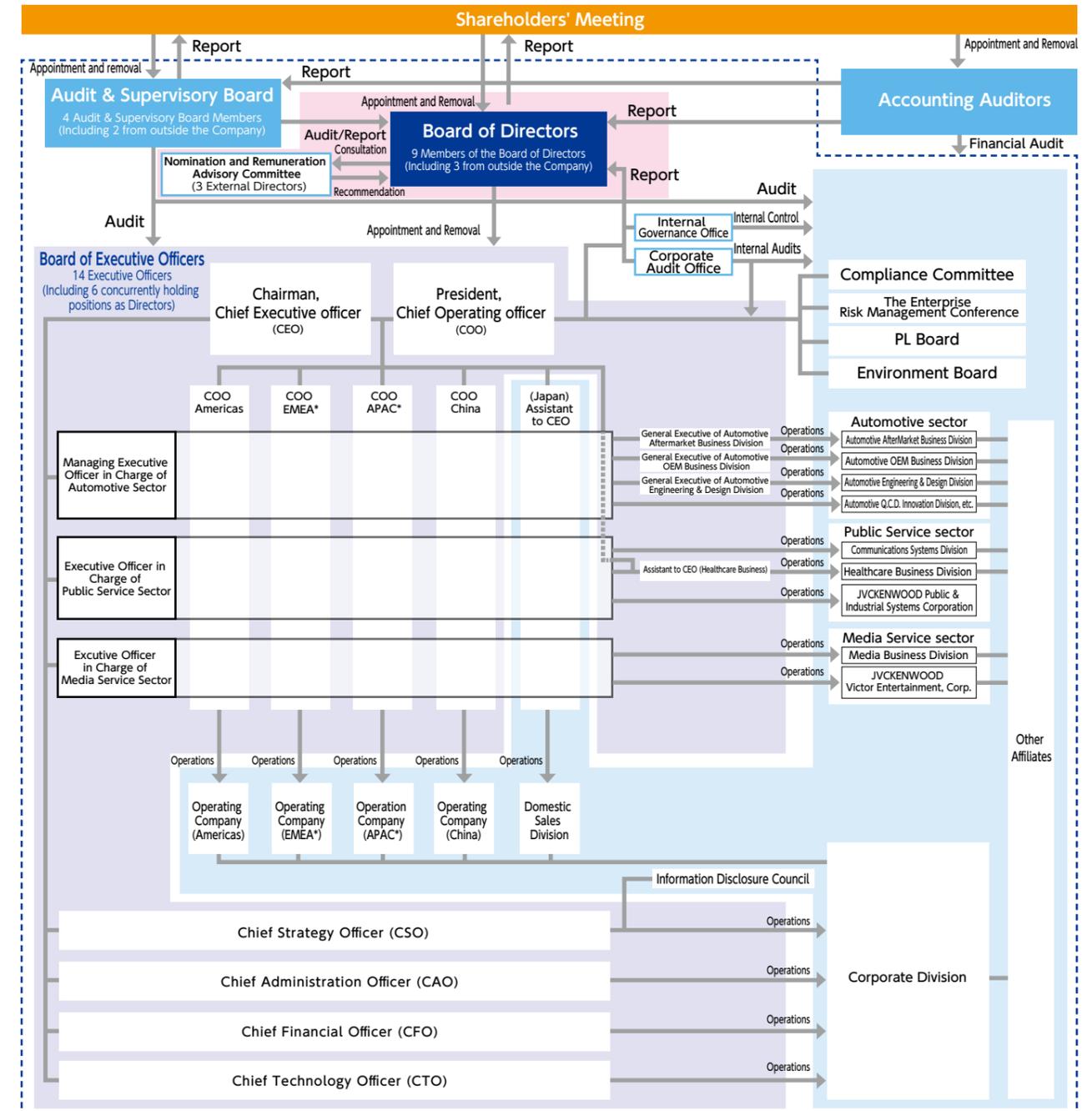
Since June 23, 2017, four Audit & Supervisory Board Members (including two external Audit & Supervisory Board Members) have been performing their roles and responsibilities.

JVCKENWOOD works to ensure the effectiveness of the

management supervisory functions based on experience, achievements, professional viewpoints, insights and other attributes, as well as independence in terms of having no potential conflicts of interest with general shareholders. To this end, it nominates candidates for external Audit & Supervisory Board Members, in principle, after confirming their business backgrounds (i.e. confirming they have not been major shareholders of JVCKENWOOD or engaged in the execution of operations of any of JVCKENWOOD's main business partners) based on its independence standards and policies, with the approval of the Audit & Supervisory Board. Since June 24, 2016, JVCKENWOOD has appointed Shojiro Asai and Nagaaki Ohyama as external Audit & Supervisory Board Members.

Organization System

As of June 22, 2018



Note* EMEA: Europe, Middle East and Africa
APAC: Asia Pacific

Internal Governance

JVCKENWOOD has set up three defense lines for internal governance. The first defense line is to ensure there are no wrongdoing and no errors in our business operating divisions. The second defense line is to place compliance groups within the Internal Governance Office, in addition to the Finance & Accounting Division and Risk Management Office, to strengthen and support the structure and operations of the internal governance systems. The third defense line is to place the

Corporate Audit Office as the internal audit division. The Internal Governance Office and the Corporate Audit Office are directly supervised by the CEO, and are independent from ordinary business operations.

Internal Audit

At JVCKENWOOD, the Corporate Audit Office conducts internal audits on the overall business execution of the entire Group, and internal governance evaluations on financial reports (J-SOX evaluations), in accordance with the audit plan approved by the Board of Directors, and reports the audit results to the Board of Directors that serves as an oversight organization. The Corporate Audit Office consists of 10 staff members engaged in internal audits and J-SOX evaluations. The Corporate Audit Office performs a broad range of onsite inspections on the activities of the Company as well as affiliated companies of the

Group, and monitors operations of the internal governance systems in an integrated fashion. In this way, it works to maintain consistency between operation and the management principles, enhance the business structure and protect important assets, while helping to ensure problems do not occur. If there is any sign of fraud or similar committed by management, there is a reporting rule that requires the Corporate Audit Office to report the matter to Audit & Supervisory Board Members.

Status of the Accounting Auditor

During the fiscal year ended March 2017, the accounting audits of JVCKENWOOD and the Group were performed by Deloitte Touche Tohmatsu Limited.

Collaborative Work among Internal Auditors, Audits by Audit & Supervisory Board Members and Accounting Auditors

All the Audit & Supervisory Board Members including External Audit & Supervisory Board Members perform corporate 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 with the Corporate Audit Office whenever necessary.

have meetings with the Corporate Audit Office and exchange information. The Corporate Audit Office always works closely with the Internal Governance Office, the Group management parties, and other internal divisions relevant to compliance matters and reinforces monitoring functions. Thus, the Corporate Audit Office, Audit & Supervisory Board Members and accounting auditors enhance the effectiveness of audits through mutual collaboration.

At the Audit & Supervisory Board meeting, the results of accounting audits performed by accounting auditors are regularly reported to Audit & Supervisory Board Members. Accounting auditors regularly

Compliance Activities

JVCKENWOOD views compliance as a response to the needs of society, not merely as adherence to laws and ordinances. This means that the objective of compliance is not merely to comply with laws and regulations, but to respond to the social needs behind them through adherence to them. With the recognition of this objective, the Company clearly sets "Strive for sincere, responsible corporate behavior as our commitment to compliance" as a new action guideline and enhances compliance activities of the Group comprehensively through the Compliance Committee led by the CEO. The JVCKENWOOD Group Compliance Activity Standards that target the entire Group were established in March 2010. The booklets (in three languages) were circulated to all Group officers and employees via the Intranet and the compliance supervisors appointed by the Board of Directors of the Company ensure the full awareness of the Standards at all affiliated companies.

Compliance training by using e-learning training programs via the Intranet and practical training is provided to officers and employees of the Company and its major affiliated companies. If any suspicions about compliance matters arise, they will be directly reported to the Internal Whistleblower System (Helpline) set up by the Internal Governance Office in accordance with the Internal Whistleblower Rules, and corrective measures will be taken under the leadership of the Compliance Committee. In addition, the Auditing Informer System is in place at the Audit & Supervisory Board Office, and if suspicions arise about any accounting or auditing operations, they will be directly reported to the system. These systems serve as exclusive infrastructure for communication to protect the confidentiality of the contents that are reported and the reporters' names, and are operated by assigned staff to detect and correct activities that do not adhere to the needs of society.

Compliance education is supervised by the Internal Governance Office under the leadership of the CEO.

Enterprise Risk Management Activities

Key Philosophy and Activities

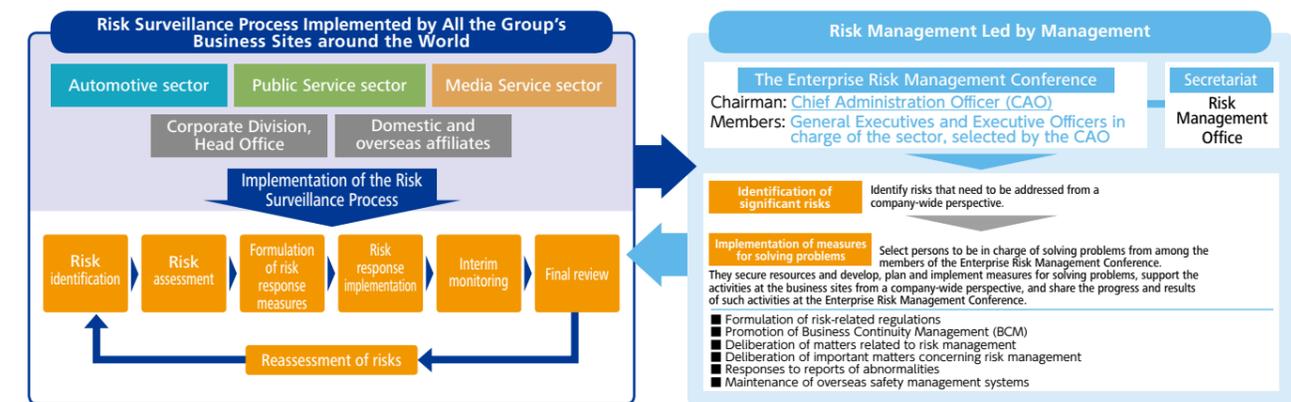
The JVCKENWOOD Group regards risks as "factors that could inhibit the achievement of business plans" amid changes in the social demands and circumstances surrounding the Company. The Group regularly identifies risks faced by all its business sites around the world to recognize them clearly, set issues 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 consider that the most effective corporate response to risks is to identify them correctly in the course of our day-to-day corporate activities, understand the problems in reducing risks, and have all our business sites around the world collaborate with management to resolve those problems. With these efforts, we will continue to contribute to promoting sustainability activities with the aim of ensuring sustainable growth and enhancing our 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 Chief Administration Officer (CAO), 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 company-wide perspective, company executives in charge selected from among the members of the Enterprise Risk Management Conference systematically provide support to solve problems.



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 has been conducting BCP activities at all its business divisions. On March 31, 2017, JVCKENWOOD received certification from the National Resilience Promotion Office, Cabinet Secretariat, as a business operator contributing to the building of

national resilience against disasters (Resilience Certification) in recognition of its endorsement of the objective of promoting the building of national resilience and active engagement in efforts related to business continuity. JVCKENWOOD will take this opportunity to make efforts to further enhance the quality of BCM.

