

Last updated: December 2, 2015  
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The corporate governance of Alpine Electronics, Inc. (the “Company”) is described below.

## **I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information**

### **1. Basic Views Updated**

The Alpine Group belongs to the Alps Group which is centered on the Company’s parent company Alps Electric Co., Ltd., and engages in the business of automotive infotainment as part of the Alps Group.

The Alps Group defines corporate governance as the “establishment and operation of frameworks for realizing efficient and appropriate decision-making and execution of business affairs by senior management, prompt reporting of outcomes to stakeholders, and sound, efficient and transparent business administration, for the purpose of heightening corporate value.” Its basic approach, placing importance on maximizing benefits for shareholders and all other stakeholders, is to maximize corporate value and deliver benefits directly or indirectly to stakeholders in a balanced way, satisfying their respective interests.

Moreover, the Alpine Group upgrades and enhances its corporate governance practices through efforts geared toward ensuring sound management and improving managerial efficiency. To that end, as a member of the Alps Group, the Alpine Group considers the “Alps Precepts,” which convey the Founding Spirit of the Alps Group, to be the point of origin with respect to the Alpine Group’s management and corporate social responsibility (CSR), in order to fulfill its mission to the public and society (CSR).

To improve the effectiveness of corporate governance, the Company is considering shifting to a company with audit & supervisory committee from the next fiscal year and continues to discuss and examine how to increase the transparency through involvement in procedures for appointment and determination of remuneration of Directors by Outside Directors, etc. and the appropriate role of the monitoring and supervisory function for the business management.

### **[Reasons for Non-compliance with the Principles of the Japan’s Corporate Governance Code] Updated**

#### **[Supplementary Principle 1.2.4 (Exercise of Shareholder Rights at the General Shareholders’ Meeting (English Translation of the Convocation Notice and the Electronic Voting Platform))]**

The Company provides English-language information in view of the current percentage of institutional investors based overseas. In specific terms, this involves having the English-language version of the convocation notice posted to the corporate website, the Tokyo Stock Exchange website, the electronic voting rights exercise platform for institutional investors and other channels.

The Company plans to introduce electronic voting conducted through the aforementioned platform beginning with the Ordinary General Shareholders’ Meeting to be held in June 2016.

#### **[Principle 4.8 Effective Use of Independent Directors]**

While the Company has already appointed one Independent Outside Director, it is currently selecting a right person for the post to have more than one Independent Outside Director. At the Ordinary General Shareholders’ Meeting to be held in June 2016, the Company will suggest at least two candidates for Independent Outside Director.

#### **[Supplementary Principle 4.11.3 Analysis and Evaluation of Effectiveness of the Board of Directors as a Whole]**

The Company will periodically analyze and evaluate the effectiveness of the Board of Directors as a whole in consideration of the self-evaluations of Directors and disclose the results.

**[Principle 1.4 Cross-Shareholdings]**

1. Policy on cross-shareholdings

The Company does not have cross-shareholdings in principle, except in cases where cross-shareholdings are deemed to lead to improvement of the Company's corporate value in the medium- to long-term, including cases of execution of the Company's business strategy and strategic partnership for the purpose of strengthening relationships with business partners. The Company decides whether to continue to have cross-shareholdings after confirming the medium- to long-term economic rationality through periodic examination.

2. Standards for exercising the voting rights as to cross-shareholdings

The Company exercises the voting rights as to cross-shareholdings after considering the content of the proposal and determining whether the exercise will lead to an increase in the value of stock of the company with which the Company has cross-shareholdings as well as in the Company's corporate value in the medium- to long-term.

**[Principle 1.7 Related Party Transactions]**

The Company stipulates in the bylaws for Board of Directors meeting agenda items that when the Company or its related company has transactions with a Director or a company virtually controlled by a Director, approval of the Board of Directors for the transaction is required. For other related party transactions, it is also stipulated in the bylaws for Board of Directors meeting agenda items that approval of the Board of Directors is required for any such transaction that is worth a large amount or that has a considerable impact on the company's management and credibility.

Transactions with a controlling shareholder (parent company) and group companies of the controlling shareholder are to be conducted at a fair price, on the basis of market prices and in accordance with restrictions voluntarily placed against actions such as making unreasonable requests for discounts or overestimating costs, thereby taking advantage of the parent-subsidiary relationship.

**[Principle 3.1 Full Disclosure]**

(i) Company objectives (e.g., business principles), business strategies and business plans

The Company has disclosed its corporate philosophy and Mid-term Business Strategy on its website (<http://www.alpine.com/e/corporate/brand/logo.html>), or in materials for briefings on earnings performance reviews (<http://www.alpine.com/e/investor/library/presentation.html>) and shareholder bulletin (<http://www.alpine.com/j/investor/library/report.html>; in Japanese only), etc.

(ii) Basic views and guidelines on corporate governance based on each of the principles of the Code

The Company has disclosed its basic views and guidelines on corporate governance on its website (<http://www.alpine.com/e/csr/management/governance.html>), or in "I-1. Basic Views" of this report, securities reports (<http://www.alpine.com/j/investor/library/securities.html>; in Japanese only), etc.

(iii) Board policies and procedures in determining the remuneration of the senior management and Directors

- Policy on determining remuneration

Under the remuneration structure focusing on linkage with performance in the short term and the medium- to long-term, the Company stimulates actions of Directors and Audit & Supervisory Board Members for increasing corporate performance and the share price to the maximum extent in order to lastingly improve the Group-wide corporate value. Specifically, the composition of remuneration is as follows:

a) Remuneration for Standing Directors

The Company's remuneration for Standing Directors consists of fixed remuneration, performance-based bonuses and stock compensation-type stock options. Performance-based bonuses vary according to single-year performance (operating income, profit and others). Stock compensation-type stock options are granted as compensation linked to medium- to long-term performance at the number of stocks calculated based on the value at the time of grant, according to the amount of stock option remuneration that is specified for each position. Since these stock options have an effect equivalent to substantial provision of the Company's own stock, not only the merit of an increase in the price of the Company's stock but also the risk of a decrease in the stock price is shared with shareholders under this system.

b) Remuneration for Part-Time Directors, Outside Directors and Audit & Supervisory Board Members

The Company's remuneration for Part-Time Directors, Outside Directors and Audit & Supervisory Board Members consists only of fixed remuneration.

- Procedures for determining remuneration

The Company determines remuneration at the Board of Directors to the extent of the total amount of remuneration approved at a General Shareholders' Meeting.

- iv) Board policies and procedures in the appointment of the senior management and the nomination of candidates for Directors and Audit & Supervisory Board Members

- Policy for the nomination

The Company has established standards for appointing Directors so that a person who has sufficient ability and qualifications to deliberate, determine and supervise relevant matters at the Board of Directors is appointed as a Director. Its policy for the appointment is to choose a person who has strong ability to make management decision, foresight, insight and other capacities as well as respect for legal compliance and high ethical standards and is capable of fulfilling duties and responsibilities of a Director in response to the delegation of business administration from shareholders, as a candidate for Director.

- Procedures for the nomination

A candidate for Director is determined at the Board of Directors in accordance with the above policy.

- v) Explanations with respect to the individual appointments and nominations in the appointment of the senior management and the nomination of candidates for Directors and Audit & Supervisory Board Members by the Board of Directors based on iv) above

In nominating a candidate for Director or Audit & Supervisory Board Member and submitting the proposal to the General Shareholders' Meeting, the Company discloses individual reasons for nomination of the candidate in the reference materials in the convocation notice of the General Shareholders' Meeting.

**[Supplementary Principle 4.1.1 Scope of the Matters Delegated to the Management]**

In addition to matters requiring resolution of the Board of Directors that are stipulated in laws and regulations and the Articles of Incorporation, the management policy and other important matters regarding the business management are also judged and determined at a meeting of the Board of Directors in accordance with standards for items, amount, etc. The Company stipulates the standards for submission of matters and scope of matters delegated to each Director in the rules of Board of Directors and bylaws for Board of Directors meeting agenda items.

**[Principle 4.9 Independence Standards and Qualification for Independent Outside Directors]**

Currently, the Company makes judgments in accordance by standards based on the rules of Tokyo Stock Exchange, Inc. to appoint Independent Outside Directors.

**[Supplementary Principle 4.11.1 Views on the Appropriate Balance between Knowledge, Experience and Skills of the Board of Directors as a Whole, Diversity and Appropriate Board Size]**

The Company ensures diversity in the balance between knowledge, experience and skills by appointing a person who has strong ability to make management decision, foresight, insight and other capacities as well as respect for legal compliance and high ethical standards and is capable of fulfilling duties and responsibilities of a Director in response to the delegation of business administration from shareholders as Director, a person who is able to control fields including development, design, manufacture, sale and management necessary for the Company's business as Director executing business affairs, and a person who has expertise and is able to fulfill a supervising function to encourage medium- to long-term growth as Outside Director. As for the board size, it is stipulated in the Articles of Incorporation that the Board of Directors consists of not more than 16 members so that substantial discussion can be ensured at the Board of Directors.

**[Supplementary Principle 4.11.2 Positions in Cases where Directors or Audit & Supervisory Board Members also Serve as Officers at Other Listed Companies]**

The Company discloses positions of its Directors and Audit & Supervisory Board Members who also serve as officers at other listed companies in the convocation notice of the General Shareholders' Meeting, securities reports, corporate governance reports, etc. The current positions of the Company's Directors and Audit & Supervisory Board Members who also serve as officers at other listed companies are as follows:

Masataka Kataoka, Director

Chairman of Alps Electric Co., Ltd.

Director of Alps Logistics Co., Ltd.

Satoko Hasegawa (Niiya), Outside Director

Outside Director of Asahi Net, Inc.

Outside Auditor of HAKUDO Co., Ltd.

Hideo Kojima, Outside Audit & Supervisory Board Member

Outside Director of Sumitomo Heavy Industries, Ltd.

Naoki Yanagida, Outside Audit & Supervisory Board Member

Outside Audit & Supervisory Board Member of Sampo Japan Nipponkoa Holdings, Inc.

**[Supplementary Principle 4.14.2 Policy on Training for Directors and Audit & Supervisory Board Members]**

The Company provides opportunities for Directors and Audit & Supervisory Board Members to acquire and update necessary knowledge and skills so that they can fulfill their expected roles and duties. Specifically, the Company holds a training workshop for Directors covering topics taking into account internal and external environments twice a year to acquire knowledge and exchange opinions.

Audit & Supervisory Board Members make efforts to collect and share information on Audit & Supervisory Board Members' audits and attend various external seminars and training programs where needed.

## **[Principle 5.1 Policy for Constructive Dialogue with Shareholders]**

### **(1) Organizational structures aimed at promoting constructive dialogue with shareholders**

In an effort to enhance strategic communication of information, the Director in charge of administration, and the division in charge of investor relations (IR) assume a key role of the IR function.

In addition, the Company has established the system for collecting information promptly and exhaustively in-house and examines whether to disclose important corporate information and the content and timing of such disclosure based on relevant regulations and rules of securities exchanges.

For dialogues (management meetings) with shareholders, the Director in charge of administration, top management and others engage in such dialogue according to the requests and interests of shareholders, while the division in charge of IR acts as the contact point.

### **(2) Opportunities for dialogue aside from individual meetings**

The Company strives to promote opportunities for direct dialogue between the management and market participants or shareholders through briefings on earnings performance reviews, "ALPINE REPORT" shareholder bulletin (in Japanese only) issued on a biannual basis, discussion sessions with shareholders attended by top management and Directors in charge such as at investor briefings for individual investors and the General Shareholders' Meeting, and plant tours to foster positive and interactive dialogue.

### **(3) Appropriate and effective feedback in the Company**

Information obtained through dialogue with shareholders, etc. is periodically reported by the Director in charge of administration to the top management and the Board of Directors.

### **(4) Policy for controlling insider information**

In accordance with the rules for restrictions on insider trading, the Company strives to manage insider information including dialogue (management meetings) with shareholders and prevent internal and external leakage of information.

## **2. Capital Structure**

Foreign Shareholding Ratio	30% or more
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## **[Status of Major Shareholders] Updated**

Name	Number of Shares Owned (Shares)	Percentage (%)
Alps Electric Co., Ltd.	28,215,417	40.43
STATE STREET BANK CLIENT OMNIBUS OM04 (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch)	2,560,452	3.67
Japan Trustee Services Bank, Ltd. (Trust Account)	1,935,700	2.77
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT (Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	1,372,395	1.97
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,326,400	1.90
NORTHERN TRUST CO. (AVFC) RE 15PCT TREATY ACCOUNT (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch)	1,280,600	1.84
THE BANK OF NEW YORK MELLON SA/NV 10 (Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	1,160,500	1.66
STATE STREET BANK AND TRUST COMPANY 505001 (Standing Proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	1,044,738	1.50
GOLDMAN, SACHS & CO. REG (Standing Proxy: Goldman Sachs Japan Co., Ltd.)	911,920	1.31
STATE STREET BANK AND TRUST COMPANY 505225 (Standing Proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	889,246	1.27

Controlling Shareholder (except for Parent Company)	—
Parent Company	Alps Electric Co., Ltd. (Listed on Tokyo Stock Exchange) (Securities Code) 6770

The Company received a copy of the report of possession of large volume relating to the Company's shares and filed in the name of the corporation listed below, stating the status of its shareholdings as follows. However, it is not possible to confirm the details entered in the shareholder register, and as such the Company is unable to verify the actual number of shares owned by that corporation as of September 30, 2015. Details included in the report of possession of large volume are as follows:

Name: Platinum Investment Management Limited  
 Address: Level 8, 7 Macquarie Place, Sydney NSW 2000, Australia  
 Filing date: May 26, 2015  
 Date when filing requirement arose: May 19, 2015  
 Number of share certificates, etc. held: share certificates 4,467,971 shares  
 Holding ratio of share certificates, etc.: 6.40%

### 3. Corporate Attributes

Listed Stock Market and Market Section	First Section of Tokyo Stock Exchange
Fiscal Year-End	March
Type of Business	Electric Appliances
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (consolidated) for the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder **Updated**

The Company's controlling shareholder is the parent company Alps Electric Co., Ltd., which holds 41.17% of the Company's voting rights (including the proportion held indirectly), and one (1) Director of the parent company concurrently acts as a Director of the Company. Transactions with respective Alps Group companies are to be conducted at a fair price, on the basis of market prices and in accordance with restrictions voluntarily placed against actions such as making unreasonable requests for discounts or overestimating costs, thereby taking advantage of the parent-subsidiary relationship.

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

The Alpine Group endeavors to develop a Group-wide framework, and has accordingly established the Alps Group Management Regulations, Alps Group Compliance Charter and Alps Group Environmental Charter, in line with the Alps Group's basic approach to corporate governance. An agreement relating to Group administration and management has also been concluded with the parent company Alps Electric Co., Ltd. in order to strengthen Group ties, while also engaging in business activities based on the notions of respecting Alpine Group company autonomy and also of them making managerial decisions independently with respect to tasks such as formulating their own business plans and monitoring performance.

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	16
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	12
Appointment of Outside Directors	Appointed
Number of Outside Directors	1
Number of Independent Directors/Audit & Supervisory Board Members Designated from among Outside Directors	1

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Satoko Hasegawa	Lawyer											○

\* Categories for "Relationship with the Company"

\* "○" when the Director presently falls or has recently fallen under the category;

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

\* "●" when a close relative of the Director presently falls or has recently fallen under the category;

"▲" when a close relative of the Director fell under the category in the past

a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiaries

b. Executive or non-executive director of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/Audit & Supervisory Board Member

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)

i. Executive of a company, between which and the Company outside directors/audit & supervisory board members are mutually appointed (the Director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)

k. Others

#### Outside Directors' Relationship with the Company (2) **Updated**

Name	Designation as Independent Director/Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reason for the Appointment of the Outside Director (including the reason for the designation as Independent Director/Audit & Supervisory Board Member, if the person has been designated as Independent Director/Audit & Supervisory Board Member)
Satoko Hasegawa	○	Partner of STW & Partners Outside director of Asahi Net, Inc. Outside Auditor of HAKUDO Co., Ltd.	Ms. Hasegawa has long been engaged in legal affairs as a lawyer, and has developed expertise, experience and vast knowledge. Therefore, the Company deems her capable of exercising

Name	Designation as Independent Director/Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reason for the Appointment of the Outside Director (including the reason for the designation as Independent Director/Audit & Supervisory Board Member, if the person has been designated as Independent Director/Audit & Supervisory Board Member)
			appropriate supervision of the operation of the Board of Directors and Directors' execution of business affairs from an independent standpoint. The Company has not set standards or a policy on independence from the Company for appointing Outside Directors. However, she satisfies the requirements for independent director/audit & supervisory board member set by the Tokyo Stock Exchange, and the Company has accordingly notified the exchange of her position as independent director/audit & supervisory board member.

Voluntary Establishment of Committee(s) Equivalent to Nominating Committee or Remuneration Committee	Not Established
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#### [Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit & Supervisory Board Members	4

#### Cooperation among Audit & Supervisory Board Members, Accounting Auditor and Internal Audit Division

Audit & Supervisory Board Members coordinate closely with the internal audit division, the Accounting Auditor, the accounting division and other bodies through initiatives that include holding regular auditing liaison meetings to exchange opinions, thereby ensuring structures for effective audit implementation.

Audit & Supervisory Board Members perform internal audits that entail testing and evaluating the effectiveness and efficiency of operations, including those of the Company and its related companies domestically and overseas, in conjunction with the Internal Audit Office which acts as the Company's internal audit division. The Audit & Supervisory Board Members enhance the checking function and provide suggestions for business improvements by, for example, regularly reporting audit results to the President and CEO. Moreover, Audit & Supervisory Board Members share audit information such as that pertaining to implementation of internal audits and details on challenges in that regard at meetings of the Alps Group Auditors Liaison Committee and on other occasions.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Directors/Audit & Supervisory Board Members Designated from among Outside Audit & Supervisory Board Members	1

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

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hideo Kojima	Certified public accountant													○
Naoki Yanagida	Lawyer										○			○

\* Categories for "Relationship with the Company"



- \* “○” when the Audit & Supervisory Board Member presently falls or has recently fallen under the category;
- “△” when the Audit & Supervisory Board Member fell under the category in the past
- \* “●” when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category;
- “▲” when a close relative of the Audit & Supervisory Board Member fell under the category in the past
- a. Executive of the Company or its subsidiaries
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Executive or non-executive director of a parent company of the Company
- d. Audit & supervisory board member of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/Audit & Supervisory Board Member
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)
- k. Executive of a company, between which and the Company outside directors/audit & supervisory board members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
- m. Others

#### Outside Audit & Supervisory Board Members' Relationship with the Company (2) **Updated**

Name	Designation as Independent Director/Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reason for the Appointment of the Outside Audit & Supervisory Board Members (including the reason for the designation as Independent Director/Audit & Supervisory Board Member, if the person has been designated as Independent Director/Audit & Supervisory Board Member)
Hideo Kojima	○	Outside Director of Sumitomo Heavy Industries, Ltd.	Mr. Kojima has abundant experience developed throughout his career, as well as expertise and vast knowledge as a certified public accountant. Therefore, the Company deems him capable of performing appropriate audits including effective audits of legal compliance. The Company has not set standards or a policy on independence from the Company for appointing Outside Audit & Supervisory Board Members. However, he satisfies the requirements for independent director/audit & supervisory board member set by the Tokyo Stock Exchange, and the Company has accordingly notified the exchange of his position as independent director/audit & supervisory board member.
Naoki Yanagida		Partner of Yanagida & Partners law firm Outside Audit & Supervisory Board Member of Sampo Japan Nipponkoa Holdings, Inc.	Mr. Yanagida has long been engaged in legal affairs as a lawyer, and has developed expertise, experience and vast knowledge. Therefore, the Company deems him capable of performing appropriate audits including effective audits of legal compliance. No conflict of interest exists between him and the Company, either in the form of personal relationships, capital relationships, transactional relationships that could give rise to conflict of interest with general shareholders of the Company, or otherwise.

#### [Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/Audit & Supervisory Board Members	2
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## [Incentives]

Implementation of Measures to Provide Incentives to Directors	Performance-linked Remuneration and Stock Options
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### Supplementary Explanation

The remuneration system for Directors is as provided in “[Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” below.

Recipients of Stock Options	Inside Directors
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### Supplementary Explanation

Details of stock options are as provided in “[Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” below.

## [Director Remuneration]

Disclosure of Individual Directors’ Remuneration	No Individual Disclosure
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### Supplementary Explanation **Updated**

Details of remuneration, etc. for Directors and Audit & Supervisory Board Members in the fiscal year ended March 31, 2015 (the previous fiscal year) are as follows:

- Amount of remuneration, etc. paid to Directors and Audit & Supervisory Board Members

Eleven (11) Directors (excluding Outside Directors): ¥311 million (including ¥211 million of base remuneration, ¥67 million of bonus and ¥32 million of stock options)

One (1) Outside Director: ¥6 million (consisting of ¥6 million of base remuneration)

Two (2) Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members): ¥23 million (consisting of ¥23 million of base remuneration)

Three (3) Outside Audit & Supervisory Board Members: ¥9 million (consisting of ¥9 million of base remuneration)

(Notes)

1. The amount of remuneration paid does not include employee-portion salary for Directors who also serve as employee.
2. Directors and Audit & Supervisory Board Members as of the last day of the previous fiscal year comprise ten (10) Directors excluding Outside Directors, one (1) Outside Director, one (1) Audit & Supervisory Board Member excluding Outside Audit & Supervisory Board Members, and two (2) Outside Audit & Supervisory Board Members.
3. The bonus amount presented above is recorded in the provision for directors’ bonuses for the previous fiscal year.
4. The stock option amount presented above is recorded as an expense in the previous fiscal year.
5. The retirement allowance scheme for Directors was abolished as of the closing of the Ordinary General Shareholders’ Meeting held on June 19, 2014.

Policy on Determining Remuneration Amounts and Calculation Methods <b>Updated</b>	Established
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### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

- Policy on determining remuneration

Under the remuneration structure focusing on linkage with performance in the short term and the

medium- to long-term, the Company stimulates actions of Directors and Audit & Supervisory Board Members for increasing corporate performance and the share price to the maximum extent in order to lastingly improve the Group-wide corporate value.

Specifically, the composition of remuneration is as follows:

a) Remuneration for Standing Directors

The Company's remuneration for Standing Directors consists of fixed remuneration, performance-based bonuses and stock compensation-type stock options.

Performance-based bonuses vary according to single-year performance (operating income, profit and others).

Stock compensation-type stock options are granted as compensation linked to medium- to long-term performance at the number of stocks calculated based on the value at the time of grant, according to the amount of stock option remuneration that is specified for each position. Since these stock options have an effect equivalent to substantial provision of the Company's own stock, not only the merit of an increase in the price of the Company's stock but also the risk of a decrease in the stock price is shared with shareholders under this system.

b) Remuneration for Part-Time Directors, Outside Directors and Audit & Supervisory Board Members

The Company's remuneration for Part-Time Directors, Outside Directors and Audit & Supervisory Board Members consists only of fixed remuneration.

- Procedures for determining remuneration

The Company determines remuneration at the Board of Directors to the extent of the total amount of remuneration approved at a General Shareholders' Meeting.

### [Supporting System for Outside Directors and/or Outside Audit & Supervisory Board Members]

The Company has adopted a system geared toward providing necessary documents and explaining situations pertaining to management in coordination with the corporate planning division and the internal audit division, thereby enabling our Outside Directors and Outside Audit & Supervisory Board Members to appropriately and effectively monitor and supervise management from an independent standpoint. Also to ensure smooth progress of the system, Standing Audit & Supervisory Board Members closely coordinate with the internal audit division in gathering sufficient information from respective divisions within the Company. These efforts lend support to the independence of Outside Directors and Outside Audit & Supervisory Board Members in carrying out their activities.

Moreover, to enhance agility of auditing activities, the Company has set up a department to which it has assigned dedicated staff to assist the duties of Audit & Supervisory Board Members, including Outside Audit & Supervisory Board Members.

## 2. Matters on Functions of Business Execution, Auditing, Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

- Directors and Board of Directors

The Company's Board of Directors is positioned as an organ that deliberates and makes decisions on basic management policy and important managerial matters and carries out monitoring and supervision of the execution of duties. The Company has twelve (12) Directors as of the filing date of this report, a number allowing agile operation. The board convenes once every month for regular meetings and on other occasions as required to propose, thoroughly deliberate on and pass resolutions on all important matters. The Articles of Incorporation state that Directors shall be elected by resolution at a meeting passed by a majority of the votes of shareholders present, where shareholders holding one third or more of the voting rights of shareholders who are entitled to exercise their votes are present, and that cumulative voting shall not be used.

The Company also ensures that resolutions of the Board of Directors are legal and rational, by checking matters to be resolved beforehand in terms of their legality and their economic, accounting and tax rationality, in accordance with procedures for checking details prior to meetings of the Board of Directors.

- Audit & Supervisory Board Members and Audit & Supervisory Board

The Company's Audit & Supervisory Board Members attend meetings of the Board of Directors, Mid-Term Business Plan deliberation meetings and other important meetings. They also audit the execution of duties by Directors through regular meetings with the President and CEO and examination of the Company's operations and status of assets. The Company has four (4) Audit & Supervisory Board Members as of the filing date of this report. Audit & Supervisory Board Members coordinate closely with the internal audit division, the Accounting Auditor, the accounting division and other bodies through initiatives that include holding regular auditing liaison meetings to exchange opinions, thereby ensuring structures for effective audit implementation.

The Audit & Supervisory Board hears reports on, and deliberates and makes decisions on, important matters relating to auditing. To enhance agility of auditing activities, the Company has set up a department to which it has assigned dedicated staff to assist the duties of Audit & Supervisory Board Members, including Outside Audit & Supervisory Board Members.

- Accounting Auditor

The Company has appointed Ernst & Young ShinNihon LLC as its Accounting Auditor. The Accounting Auditor deepens mutual cooperation by exchanging information with the Audit & Supervisory Board Members and the internal audit division in a timely manner where needed.

- Relationship between Outside Directors/Outside Audit & Supervisory Board Members and the Company

The Company has appointed one (1) legal professional to act as an Outside Director in order to strengthen the supervisory function of the Directors. No conflict of interest exists between this Outside Director and the Company, either in the form of personal relationships, capital relationships, transactional relationships that could give rise to conflict of interest with general shareholders of the Company, or otherwise, nor does conflict of interest exist between the company to which this Outside Director serves as an officer and the Company. The Company has not set standards or a policy on independence from the Company for appointing Outside Directors. However, this Outside Director satisfies the requirements for independent director/audit & supervisory board member set by the Tokyo Stock Exchange, and the Company has accordingly notified the exchange of the individual's position as independent director/audit & supervisory board member.

The Company has appointed two (2) Outside Audit & Supervisory Board Members in order to ensure effectiveness of legal compliance audits, one of whom is a legal professional, and the other of whom is an accounting professional who is to ensure the effectiveness of accounting audits. No conflict of interest exists between these Outside Audit & Supervisory Board Members and the Company, either in the form of personal relationships, capital relationships, transactional relationships that could give rise to conflict of interest with general shareholders of the Company, or otherwise, nor does conflict of interest exist between the company to which these Outside Audit & Supervisory Board Members serve as officers and the Company. The Company has not set standards or a policy on independence from the Company for appointing Outside Audit & Supervisory Board Members. However, one (1) of the Outside Audit & Supervisory Board Members satisfies the requirements for independent director/audit & supervisory board member set by the Tokyo Stock Exchange, and the Company has accordingly notified the exchange of the individual's position as independent director/audit & supervisory board member.

Furthermore, the Company has adopted a system geared toward providing necessary documents and explaining situations pertaining to management in coordination with the corporate planning division and the internal audit division, thereby enabling our Outside Directors and Outside Audit & Supervisory Board Members to appropriately and effectively monitor and supervise management from an independent standpoint. Also to ensure smooth progress of the system, Standing Audit & Supervisory Board Members closely coordinate with the internal audit division in gathering sufficient information from respective divisions within the Company. These efforts lend support to the independence of Outside Directors and Outside Audit & Supervisory Board Members in carrying out their activities.

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company enters into agreements with its Outside Director and Outside Audit & Supervisory Board Members limiting their liability for damages under Article 423, Paragraph 1 of the Companies Act. Accordingly, their liability for damages under the agreements is limited to the minimum amounts stipulated by laws and regulations.

- Internal Audit Office

The Company has set up the Internal Audit Office (7 members) as a body under the direct control of the President and CEO. The Internal Audit Office performs internal audits that entail testing and evaluating the effectiveness and efficiency of operations, including those of the Company and its related companies domestically and overseas. It also works to enhance the checking function and provide suggestions for business improvements by, for example, regularly reporting audit results to the President and CEO. Moreover, it shares audit information such as that pertaining to implementation of internal audits and details on challenges in that regard at meetings of the Alps Group Auditors Liaison Committee and on other occasions.

- CSR Committee

The CSR Committee is positioned above the Internal Control Subcommittee, RC Subcommittee (Risk Management and Compliance Subcommittee), Information Control Subcommittee, Working Environment & Social Subcommittee, Risk Management Subcommittee, Environmental Management Subcommittee, Supply Chain Subcommittee, and Consumer Subcommittee. In that capacity, the CSR Committee promotes behavior that complies with corporate ethical standards and social norms in order to fulfill the Company's social responsibility to its stakeholders, and promotes behavior that conforms to the corporate vision and other objectives.

- Mid-Term Business Plan deliberation meetings

Mid-term Business Plan deliberation meetings are held twice a year and attended by the Company's Directors and Audit & Supervisory Board Members. The meetings act as a system for gaining Board of Directors' approval subsequent to engaging in deliberations and sharing information regarding medium and short-term business plans of the Company and its respective Group companies. Important matters regarding business plans are implemented after having been brought up for discussion by the Board of Directors in accordance with in-house regulations.

### 3. Reasons for Adoption of Current Corporate Governance System

At the Company, the Audit & Supervisory Board, independent from the Board of Directors, has responsibility for

the monitoring and supervision of business management in close cooperation with the Accounting Auditor and the internal audit division. The Company has appointed an Outside Director who is required to provide checks on the legal compliance of Directors' execution of duties.

The Company has a function-based organizational structure. Due to strong interconnectedness and highly specialized nature of the functions, it ensures quick and appropriate decision-making and execution of duties through mutual exchange of opinions by Directors who are familiar with each business including directors in charge. The Company believes that clarifying each Director's managerial accountability and mutually supervising the execution of duties enhance the supervisory function. The Company will continue to discuss and examine the appropriate role of the monitoring and supervisory function for business management while also paying attention to trends with respect to new legislation and other such developments.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholders' Meeting and Smooth Exercise of Voting Rights Updated

	Supplementary Explanations
Early Notification of General Shareholders' Meeting	The Company issues a convocation notice three weeks before the date of the General Shareholders' Meeting, which is earlier than the statutory deadline.
Scheduling Ordinary General Shareholders' Meeting Avoiding the Peak Day	Every year, the Company avoids scheduling conflicts with shareholder meetings of other companies in holding its General Shareholders' Meeting, and intends to hold to that policy going forward.
Allowing Electronic or Magnetic Exercise of Voting Rights	The Company plans to introduce this beginning with the Ordinary General Shareholders' Meeting to be held in June 2016.
Participation in Electronic Voting Platform and Other Efforts to Improve the Environment Surrounding the Exercise of Voting Rights by Institutional Investors	The Company plans to introduce this beginning with the Ordinary General Shareholders' Meeting to be held in June 2016.
Providing Notice of Convocation in English (Fully or Partially)	The Company prepares an English version of the convocation notice, mails it to foreign shareholders (overseas institutional investors), and simultaneously posts a PDF version of the document to platforms that include the corporate website, the website of the Tokyo Stock Exchange via TDnet, and also a website that enables institutional investors to exercise their voting rights. In so doing, the Company strives to encourage shareholders to exercise their voting rights by working to eliminate the problem of insufficient time and information for considering proposals.
Other	The Company regards the General Shareholders' Meeting as a forum for enabling shareholders to gain more extensive understanding of the Company, and accordingly at such meetings the Company showcases its products and presents its business report using video footage accompanied by narration. The Company is taking further steps to enhance shareholder value by holding discussion sessions with shareholders following the General Shareholders' Meeting. The discussion sessions are attended by the Company's Directors and Audit & Supervisory Board Members and provide opportunities for candid exchanges of opinion. In addition, with respect to voting results the Company conducts exit surveys to precisely gauge approval and disapproval of shareholders in attendance on the day of the General Shareholders' Meeting. The results of the survey are also made available on the corporate website.

## 2. IR Activities **Updated**

	Supplementary Explanations	Explanation Given by Representative
Regular Investor Briefings for Individual Investors	Company information sessions are held for individual investors.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	The briefings on earnings performance reviews for the full-year and interim period (twice per year) are scheduled right after earnings performance has been released.	Yes
Posting of IR Materials on Website	The corporate website features an investor relations section where individuals are able to access the Company's Mid-term Business Strategy, summaries of financial results, and other investment-related information. For individual investors, the website features company information, product information and other details introduced in an easy-to-understand format. ( <a href="http://www.alpine.com/e/investor/">http://www.alpine.com/e/investor/</a> )	
Establishment of Department and/or Manager in Charge of IR	Department in charge of IR: Tokyo Office	
Other	As for reports, within Japan, the Company publishes the ALPINE REPORT (report of financial results) in June and November, and also publishes the Annual Report for overseas investors containing details of the Company's achievements and its financial statements. In addition, the Company endeavors to convey information in a timely manner, which involves releasing various details as needed on the website for the sake of investors.	

## 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
In-house Regulations, etc. Stipulated for Respecting the Position of Stakeholders	The Alpine Group endeavors to develop a Group-wide framework, and has accordingly established the Alps Group Management Regulations, Alps Group Compliance Charter and Alps Group Environmental Charter, in line with the Alps Group's basic approach to corporate governance. Moreover, in promoting activities to fulfill its social responsibility mandate, the Company has formulated CSR guidelines using the ISO 26000 international standard for social responsibility in response to demands of its global stakeholders.
Implementation of Environmental Activities, CSR Activities, etc.	One element stated in the Company's corporate philosophy is that of making a "contribution to society." Launched in 1997, the Environmental Management Subcommittee engages in environmental conservation activities. In that regard, since the fiscal year ended March 31, 2004, the Company has been preparing an environmental report which is made widely available outlining the Company's initiatives with respect to the environment. In April 2006, the Company began to expand the framework of those activities with the establishment of the CSR Committee which encompasses the Internal Control Subcommittee, RC Subcommittee (Risk Management and Compliance Subcommittee), Information Control Subcommittee, Working Environment & Social Subcommittee, Risk Management Subcommittee, Environmental Management Subcommittee, Supply Chain Subcommittee, and Consumer Subcommittee, while also setting the plan-do-check-act (PDCA) cycle into motion and initiating activities geared toward fulfilling the Company's corporate social responsibility to stakeholders. The Company makes descriptions of these activities widely available in its annual CSR Report which is released via electronic media and in other formats.

	Supplementary Explanations
Other	<p>The Company regards each and every one of its employees worldwide as a valuable asset, and accordingly works to create mechanisms and working environments that enable each employee to vibrantly and energetically demonstrate his or her individuality.</p> <ul style="list-style-type: none"> <li>• Utilizing diverse human resources</li> </ul> <p>The Company hires employees regardless of nationality, ethnicity, age, gender, religion, or disabilities, and actively develops working environments that enables employees once hired to demonstrate their maximum potential as individuals. One of the Company's strengths is that it embraces the notion of maintaining a workforce of employees with various backgrounds and personalities. To draw out and harness the unique characters of each and every employee, the Company holds its Human Resource Development Conference twice each year, engages in dialogue regarding future career options and education plans for employees who will act as the driving force of Alpine in the next generation, and discusses matters involving optimal personnel rotations and training content.</p> <ul style="list-style-type: none"> <li>• Initiatives for encouraging greater involvement of women in the workforce</li> </ul> <p>For employees raising children, the Company offers maternity and childcare leave, and has established a system of scheduling reduced working hours which is available to employees with children who have reached three years of age, thereby exceeding the statutory period allowed for childcare leave, up until the end of a child's third year in primary school.</p> <ul style="list-style-type: none"> <li>• Proportion of female employees</li> </ul> <p>Some 6.3% of the Company's officers (Directors and Audit &amp; Supervisory Board Members) are female (one employee). Some 12.6% of the Company's managers are female (60 employees, section manager and above, on a consolidated basis).</p>



## **IV. Matters Related to the Internal Control System**

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

#### **(1) Basic views on the internal control system**

As a member of the Alps Group which is centered on Alps Electric Co., Ltd., the Company regards the Alps Group's Founding Spirit (Alps Precepts) as the origin of Group management. As such, on the basis of the Alps Group Management Paradigm (Alps Group Management Regulations, Alps Group Compliance Charter and Alps Group Environmental Charter), the Company has established its fundamental philosophy and action guidelines relating to compliance that apply to the Company and its subsidiaries. In line with this principle, the Company has put in place systems for ensuring the appropriateness of operations as follows:

#### **(2) Progress of the development of the internal control system**

##### **A. System for ensuring compliance by Directors and employees of the Company and directors and employees of its subsidiaries with laws and regulations and the Articles of Incorporation**

- 1) To act responsibly and sensibly in the aim of fair management in keeping with the purpose of laws and regulations, social requirements and corporate ethical standards, the Company has declared a statement of fundamental compliance philosophy and action guidelines and established in-house regulations clarifying specific contents of them.
- 2) To deliberate and make decisions on management policy and important managerial matters at the Board of Directors meeting that Outside Directors and Outside Audit & Supervisory Board Members that are independent with no interests attend, and supervise each Director's execution of duties, the Company has clearly defined specific contents and standards of matters to be resolved and reported in its rules for the Board of Directors and set criteria for choosing candidates for Director so that a person who has ability and qualifications for such deliberation, decision-making and supervision is appointed as Director at the General Shareholders' Meeting.
- 3) To assure legal compliance of resolution of the Board of Directors, the Company has put in place a check system for legal compliance of submitted proposals.
- 4) To ensure effectiveness of audits for legal compliance of Directors' execution of duties, the Company has set criteria for choosing candidates for Audit & Supervisory Board Member so that a person who has ability and qualifications to perform such audits is appointed as Audit & Supervisory Board Member at the General Shareholders' Meeting.
- 5) To foster sound corporate climate, the Company provides compliance education to its Directors, Audit & Supervisory Board Members and employees.
- 6) The Company has formed the CSR Committee which promotes behavior that complies with corporate ethical standards and social norms, and also promotes behavior that conforms to the corporate vision and other objectives.
- 7) The Company has put in place a structure for providing guidance and management regarding operations of its subsidiaries, to act as a system that ensures compliance by directors and employees of its subsidiaries with laws and regulations and the Articles of Incorporation. In addition, the Company supports establishment of a structure for compliance and related activities, according to the status and other factors of the subsidiaries.

##### **B. Structure for storage and management of information on execution of duties by the Company's Directors and report of matters regarding execution of duties by its subsidiaries' directors, etc. to the Company**

- 1) The Company has established in-house regulations clarifying handling of information on process leading to decision-making of the Board of Directors and execution based on the decisions.
- 2) The Company has stipulated information stored by each division, storage methods, access authorities and other matters in in-house regulations and developed the environment relating to storage of information, etc.
- 3) The Company has put in place the reporting system for report of matters regarding execution of duties by its subsidiaries' directors, etc. to the Company, taking into account each company's role, function and other factors.

##### **C. Regulations and other structures for managing risks of loss of the Company and its subsidiaries**

- 1) To manage risks of the Alps Group as a whole integrally and share information, the Company has established in-house regulations on risk management and put in place the structure for management and reporting on various risks.
- 2) The Company has put in place the structure for prior deliberation with and reporting to the Company on certain risks relating to its subsidiaries. The Company makes each company have in place the system in accordance with the Company's regulations on risk management and provides necessary support to them

according to their situation.

D. Structure for ensuring effective execution of duties by Directors of the Company and directors of its subsidiaries

- 1) The Company has clarified where responsibility for business execution lies by assigning respective Directors in charge on the basis of job function, and has established a structure that ensures appropriate and effective execution of duties.
- 2) The Company deliberates and decides a Mid-Term Business Plan and business budgets at the Board of Directors meeting, and each Director acts to achieve objectives set in the plan and reports the progress at the Board of Directors meeting.
- 3) The Company has established classification for operational management of subsidiaries based on the Group-wide basic policy and strategy and established a structure for ensuring effective execution of business affairs in consideration of this classification. The Company has in place a system for providing guidance on business management and operations and monitoring performance according to each company's situation.

E. Other structures for ensuring the appropriateness of operations in the corporate group consisting of the Company and its subsidiaries

- 1) The Company has established a fundamental philosophy and action guidelines relating to compliance that apply to the Company and its subsidiaries and shares them within the Alpine Group as common values.
- 2) The Company has set appropriate standards for pricing of intra-group transactions and for pricing of transactions between respective companies of the Alps Group and the Alpine Group.
- 3) To ensure prevention, early discovery and correction of violation of corporate ethical standards, in-house regulations and laws and regulations, the Company has put in place an internal reporting system (Ethics Hotline) (hereinafter referred to as the "Ethics Hotline") and makes the contact point for reporting known regularly in the Company and its subsidiaries.
- 4) The Company's internal audit division conducts audits of overall activities relating to business management and businesses of the Company and its subsidiaries and report results of the internal audits to the President and CEO as well as the Audit & Supervisory Board and Accounting Auditor.
- 5) The Company's Audit & Supervisory Board Members make efforts to communicate and exchange information with directors and audit & supervisory board members, etc. of the Company's subsidiaries and receive a report on businesses from those subsidiaries where needed.

F. Matter regarding employees who assist duties of Audit & Supervisory Board Members

The Company has set up a department assisting duties of Audit & Supervisory Board Members and assigned dedicated staff (hereinafter referred to as "support staff for Audit & Supervisory Board Members").

G. Matter regarding ensuring independence of the Company's support staff for Audit & Supervisory Board Members from Directors and effectiveness of instructions for the support staff

- 1) Support staff for Audit & Supervisory Board Members shall not assume other functions and shall follow directions and orders solely from the Company's Audit & Supervisory Board Members.
- 2) The Company makes a personnel change and conducts performance review for support staff for Audit & Supervisory Board Members with Standing Audit & Supervisory Board Members' agreement.

H. Structure for reporting by the Company's Directors and employees to its Audit & Supervisory Board Members

- 1) The Company has in place the structure for reporting on any serious internal misconduct or any important matter that may cause significant damage on the Company by Directors to Audit & Supervisory Board Members.
- 2) The Company has in place the structure that enables employees to directly or indirectly report any serious internal misconduct or any important matter that may cause significant damage on the Company to Audit & Supervisory Board Members through reporting to the Ethics Hotline contact point.

I. Structure for reporting by directors, audit & supervisory board members, employees, etc. of the Company's subsidiaries or a person who received a report from any of them to the Company's Audit & Supervisory Board Members

- 1) The Company has in place the structure for reporting on its subsidiary's serious internal misconduct or any important matter that may cause significant damage on the subsidiary by the subsidiary's directors and audit & supervisory board members directly or through the Company's Director in charge, etc. to the Company's Audit & Supervisory Board Members.
- 2) The Company has in place the structure that enables employees of the Company's subsidiaries to report

directly or indirectly to the Company's Audit & Supervisory Board Members through reporting to the Ethics Hotline contact point.

- J. Structure for ensuring that a person who reported to Audit & Supervisory Board Members is not treated unfavorably for the report

The Company has stipulated in in-house regulations that it is prohibited to treat a Director, Audit & Supervisory Board Member, employee or other person of the Company and a director, audit & supervisory board member, employee or other person of its subsidiaries unfavorably because he or she reported to Audit & Supervisory Board Members.

- K. Procedures for advance payment or reimbursement of expenses incurred in association with execution of duties of the Company's Audit & Supervisory Board Members and other such execution of duties

- 1) For expenses for auditing of Audit & Supervisory Board Members, the Company secures the appropriate amount of budget based on an audit plan developed at the Audit & Supervisory Board and makes an advance payment or reimbursement of actually paid expenses.
- 2) For expenses paid urgently or incidentally by an Audit & Supervisory Board Member, the Company makes an advance payment or reimbursement at his or her request.

- L. Other structure for ensuring that Audit & Supervisory Board Members' audit is conducted effectively

- 1) Audit & Supervisory Board Members may have meetings with Directors and executive-level employees regularly and as needed, for example by attending important in-house meetings such as the Board of Directors meetings and budget deliberation meetings, etc.
- 2) Audit & Supervisory Board Members may have meetings regularly and as needed to ensure close cooperation with the internal audit division and Accounting Auditor.
- 3) Audit & Supervisory Board Members may use external experts if it is necessary in performing an audit.

- M. Structure for ensuring the appropriateness of financial reporting

With respect to the establishment and implementation of internal controls, the Company carries out self-inspections of its operations and conducts checks through evaluations performed by the Internal Control Subcommittee. It then releases an internal control report disclosing the effectiveness of its internal controls in terms of reliability of financial reporting.

## **2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts**

The Alpine Group adheres to its policy of having no relation with anti-social forces and groups that pose a threat to order or safety in civil society and steadfastly refusing any request from such forces and groups.

## **V. Other**

### **1. Adoption of Anti-Takeover Measures**

Adoption of Anti-Takeover Measures	Not adopted
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Supplementary Explanation
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### **2. Other Matters Concerning Corporate Governance System**

#### **- Overview of the timely disclosure system**

##### **(1) Establishment of a body responsible for disclosure**

- (a) Director in charge of administration is responsible for handling information in timely disclosure, and the Tokyo Office is in charge of inquiries on timely disclosure rules.
- (b) For corporate information produced in and out of the Alpine Group including subsidiaries, each division in the Iwaki Office endeavors to collect facts from the division managing the information and shares them in the Iwaki Office.
- (c) For corporate information on financial results, the accounting division reports the progress and definitive results on a quarterly basis to the Board of Directors.

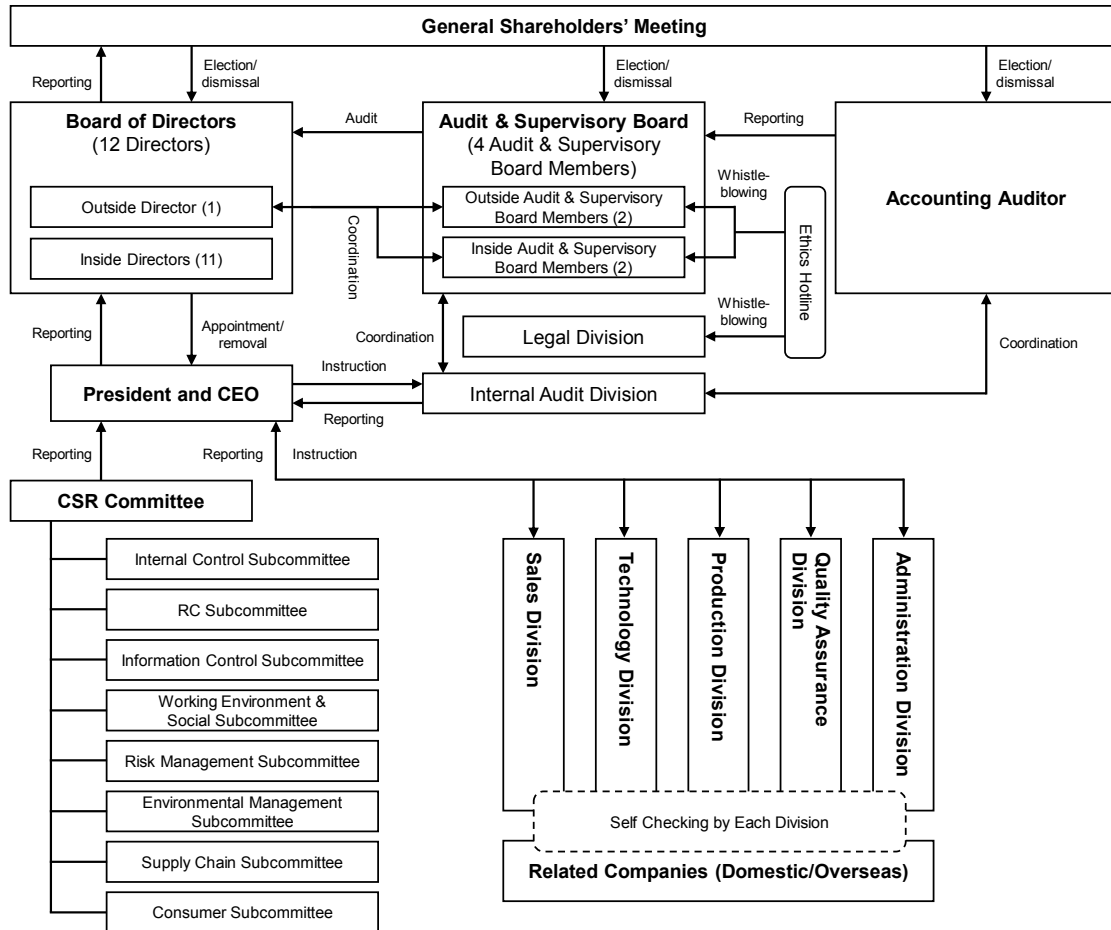
##### **(2) Establishment of procedures for timely disclosure**

- (a) Corporate information discussed at the Board of Directors, of which the importance is assessed by the Director in charge of administration, is disclosed in accordance with timely disclosure rules.
- (b) Corporate information produced internally and externally, of which the importance is assessed through discussions by the Director in charge of administration and the Director (or responsible person) in charge of the division in which the information was produced, is disclosed in accordance with timely disclosure rules.
- (c) Financial closing information is shared with the Tokyo Office either after the accounting division has reported it to the Board of Directors or after it has been verified with the President and CEO, and it is also disclosed in accordance with timely disclosure rules. This corporate information is reported to all Directors, Audit & Supervisory Board Members and persons in charge, etc. of consolidated companies by email simultaneously with being made public, and the Company also prepares to swiftly disclose the information on its website.

##### **(3) Establishment of monitoring that targets the timely disclosure system**

The Company has adopted an auditor system whereby Audit & Supervisory Board Members attend meetings of the Board of Directors and perform audits which also encompass those of the Company's related companies in and out of the Alpine Group. Moreover, the Company has established the Internal Audit Office which performs internal audits conducted from the viewpoint of operational adequacy and efficiency and also reports audit results to the Board of Directors. The Internal Audit Office also maintains the internal control function and accordingly works to improve internal controls.

## [Corporate Governance Structure]



**[In-House Structure for Timely Disclosure]**

