

Last updated: June 23, 2016  
Alpine Electronics, Inc.  
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<http://www.alpine.com/>

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 the realization of efficient and appropriate decision-making and execution of duties 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 places importance on the maximization benefits for shareholders and all other stakeholders by maximizing corporate value and delivering benefits directly or indirectly to stakeholders in a balanced way to satisfy their respective interests.

With the resolution of the 50th Ordinary General Meeting of Shareholders held on June 22, 2016, the Company made the transition from a company with audit & supervisory board to a company with audit and supervisory committee. The enhancement of auditing and supervising functions in close cooperation with the Accounting Auditor and the internal audit division, the Audit and Supervisory Committee, which is independent from the Board of Directors, further strengthens our corporate governance structure, and improves the soundness and transparency of corporate management.

In addition, the Company has established the Alpine Corporate Governance Policy to facilitate our ability as a company to realize effective corporate governance and fulfill our responsibilities to all of our stakeholders - shareholders, customers, local communities, and employees. This policy has been posted on the Company’s website.

(<http://www.alpine.com/j/investor/information/meeting.html>; in Japanese only)

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

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

In line with the transition to a company with audit and supervisory committee, the Company will analyze and evaluate the effectiveness of the Board of Directors as a whole, mainly in consideration of the self-evaluations of Directors and the evaluation by the Audit and Supervisory Committee, and periodically disclose the results, beginning the fiscal year ending March 31, 2017.

### **[Disclosure Based on the Principles of Japan’s Corporate Governance Code] Updated**

#### **[Supplementary Principle 1.2.4 Exercise of Shareholder Rights at the General Meeting of Shareholders (English Translation of the Convocation Notice and the Use of 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.

Moreover, the Company has introduced electronic voting conducted through the aforementioned platform beginning with the 50th Ordinary General Meeting of Shareholders held on June 22, 2016.

## **[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 governing the Board of Directors that when the Company or its affiliates 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 governing the Board of Directors 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 with the principle of competition.

## **[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/governance/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 policy and procedures in determining the compensation of the senior management and Directors**

#### **- Policy on determining compensation**

Under the compensation structure focusing on linkage with performance in the short term and the medium to long term, the Company stimulates actions of Directors 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 compensation is as follows:

#### **a) Compensation for Executive Directors**

The Company's compensation for Executive Directors consists of fixed compensation, performance-based bonuses and stock-based compensation stock options. Performance-based bonuses vary according to single-year performance (operating income, profit and others). Stock-based compensation 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 compensation 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) Compensation for Directors other than Executive Directors**

The Company's compensation for non-Executive Directors and Directors who are Audit and Supervisory Committee Members consists only of fixed compensation.

#### **- Procedures for determining compensation**

The Company determines the amount of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) at the Board of Directors, and the amount of compensation for Directors who are Audit and Supervisory Committee Members at the Audit and Supervisory Committee, to the extent of the total amount of compensation approved at a General Meeting of Shareholders.

### **(iv) Board policy and procedures in the appointment of the senior management and the nomination of candidates for Directors**

#### **- Policy for the nomination**

The Company has established criteria for election of 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 nominate 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 by the Board of Directors based on (iv) above

In nominating a candidate for Director and submitting the proposal to the General Meeting of Shareholders, the Company discloses individual reasons for nomination of the candidate in the reference document in the Notice of Convocation of the General Meeting of Shareholders.

**[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 the Board of Directors meeting in accordance with standards for matters, amount, etc. The Company stipulates the standards for submission of matters and scope of matters delegated to each Director in the rules and bylaws governing the Board of Directors.

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

The Company has appointed three (3) Independent Outside Directors.

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

The Company has appointed Independent Outside Directors in accordance with requirements for Outside Directors stipulated in the Companies Act, the independence standards of Tokyo Stock Exchange, Inc. as well as the Company's criteria for election of Directors including the independence criteria for 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, as Directors, persons who have strong ability to make management decision, foresight, insight and other capacities as well as respect for legal compliance and high ethical standards and are capable of fulfilling duties and responsibilities of a Director in response to the delegation of business administration from shareholders. The Company shall appoint, as executive Directors, persons who are able to control fields including development, design, manufacture, sale and management necessary for the Company's business, and appoint, as Outside Directors, persons who have expertise and are able to fulfill a supervising function to encourage medium- to long-term growth. As for the board size, it is stipulated in the Articles of Incorporation that the Company shall have not more than sixteen (16) Directors (excluding Directors who are Audit and Supervisory Committee Members) and not more than five (5) Directors who are Audit and Supervisory Committee Members so that substantial discussion can be ensured at the Board of Directors meetings.

**[Supplementary Principle 4.11.2 Positions in Cases where Officers also Serve as Officers at Other Listed Companies]**

The Company discloses positions of its officers who also serve as officers at other listed companies in the Notice of Convocation of the General Meeting of Shareholders, annual securities reports, corporate governance reports, etc. The current positions of the Company's officers who also serve as officers at other listed companies are as follows:

Toru Usami, Chairman

Director of NEUSOFT CORPORATION

Yoji Kawarada, Director

Director of DAESUNG ELTEC CO., LTD.

Masataka Kataoka, Director

Chairman of Alps Electric Co., Ltd.  
Director of Alps Logistics Co., Ltd.

Hideo Kojima, Outside Director

External Director of Sumitomo Heavy Industries, Ltd.

Satoko Hasegawa, Outside Director

Outside Director of Asahi Net, Inc.  
Outside Auditor of HAKUDO Co., Ltd.

Naoki Yanagida, Outside Director

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

**[Supplementary Principle 4.14.2 Policy on Training for Directors]**

The Company provides opportunities for Directors to acquire and update necessary knowledge and skills so that

they can fulfill their expected roles and duties. Specifically, in addition to the initial training for newly appointed Directors, 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.

Directors who are Audit and Supervisory Committee Members make efforts to collect and share information on the audits conducted by the Audit and Supervisory Committee 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 Public & Investor Relations Department 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 Public & Investor Relations Department 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 Meeting of Shareholders, 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)	2,563,752	3.67
Japan Trustee Services Bank, Ltd. (Trust Account)	2,451,000	3.51
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15PCT TREATY ACCOUNT (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch)	2,165,700	3.10
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,387,000	1.99
THE BANK OF NEW YORK MELLON SA/NV 10 (Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	1,249,400	1.79
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT (Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	1,155,220	1.66
STATE STREET BANK AND TRUST COMPANY 505001 (Standing Proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	1,064,416	1.53
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT (Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	950,000	1.36
EVERGREEN (Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	821,400	1.18

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

#### Supplementary Explanation **Updated**

1. The status above is the status of major shareholders as of March 31, 2016.
2. The Company holds 850,808 treasury shares (1.22%). This is not included in the status of major shareholders in the above table.
3. In a report of possession of large volume provided for public inspection on November 17, 2015, it is stated that as of November 10, 2015, Platinum Investment Management Limited owns the following shares. However, as the Company cannot confirm the number of such shares substantially owned as of the end of the previous fiscal year, the details are not included in the status of major shareholders in the above table.

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

Number of share certificates, etc. held: share certificates 3,709,671 shares

Holding ratio of share certificates, etc.: 5.32%

### 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.

Appropriate transactions are conducted between Alps Group companies and the Alpine Group in accordance with agreements relating to the administration and management of the Alps Group.

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

The Alpine Group endeavors to develop a Group-wide framework, and has accordingly established a structure for the Alpine Group as a whole, on the basis of the Alps Group Management Paradigm (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. The Alpine Group has also concluded an agreement relating to Group administration and management 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 the Alps Group respecting Alpine Group company autonomy and the Alpine Group 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 and Supervisory Committee
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#### **[Directors]**

Maximum Number of Directors Stipulated in Articles of Incorporation <b>Updated</b>	21
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors <b>Updated</b>	15
Appointment of Outside Directors	Appointed
Number of Outside Directors <b>Updated</b>	3
Number of Independent Officers Designated from among Outside Directors <b>Updated</b>	3

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

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hideo Kojima	Certified public accountant											○
Satoko Hasegawa	Attorney at law											○
Naoki Yanagida	Attorney at law								○			○

\* 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 an officer

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, at which and the Company outside officers 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

Name	Designation as Audit and Supervisory Committee Member	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reason for Appointment
Hideo Kojima	○	○	Hideo Kojima CPA Office  External Director of Sumitomo Heavy Industries, Ltd.	Mr. Hideo Kojima has both specialized knowledge and broad insight from a long history of involvement in corporate auditing as a Certified Public Accountant and from serving as outside officer at another company. The Company believes he can utilize this experience to contribute to the management of the Company and has appointed Mr. Kojima as an Outside Director who is an Audit and Supervisory Committee Member. He satisfies the requirements of the independence criteria for Outside Directors established by the Company, and also satisfies the requirements for independent officer set by the Tokyo Stock Exchange. Accordingly, the Company has notified the exchange of his position as an independent officer.
Satoko Hasegawa	○	○	Partner of STW & Partners  Outside director of Asahi Net, Inc.  Outside Auditor of HAKUDO Co., Ltd.	Ms. Satoko Hasegawa has specialized knowledge as well as international experience and broad insight from a long history of involvement in legal practice as an attorney at law and from serving as outside officer at other companies. The Company believes she can utilize this experience to contribute to the management of the Company and has appointed Ms. Hasegawa as a Director who is an Audit and Supervisory Committee Member. She satisfies the requirements of the independence criteria for Outside Directors established by the Company, and also satisfies the requirements for independent officer set by the Tokyo Stock Exchange. Accordingly, the Company has notified the exchange of her position as an independent officer.

Name	Designation as Audit and Supervisory Committee Member	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reason for Appointment
Naoki Yanagida	○	○	Partner of Yanagida & Partners law firm  Outside Audit & Supervisory Board Member of Sampo Japan Nipponkoa Holdings, Inc.	Mr. Naoki Yanagida has both specialized knowledge and broad insight from a long history of involvement in legal practice as an attorney at law and from serving as outside officer at another company. The Company believes he can utilize this experience to contribute to the management of the Company and has appointed Mr. Yanagida as a Director who is an Audit and Supervisory Committee Member. Yanagida & Partners law firm, where he serves as an executive, provided legal services to the Company, however the total amount of consideration received by the law firm from the Company is less than 2% of total annual revenues of the firm. He satisfies the requirements of the independence criteria for Outside Directors established by the Company, and also satisfies the requirements for independent officer set by the Tokyo Stock Exchange. Accordingly, the Company has notified the exchange of his position as an independent officer.

### [Audit and Supervisory Committee]

#### Committee Composition and Attribute of Chairperson **Updated**

	Total Number of Members	Number of Full-time Members	Number of Inside Directors	Number of Outside Directors	Chairperson
Audit and Supervisory Committee	4	1	1	3	Outside Director

Directors and Employees Assisting Duties of Audit and Supervisory Committee <b>Updated</b>	Assigned
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#### Matters concerning the Independence of such Directors and Employees from Executive Director **Updated**

The Company has set up a department assisting duties of the Audit and Supervisory Committee and assigned dedicated staff (hereinafter referred to as “support staff for the Audit and Supervisory Committee”).

- 1) Support staff for the Audit and Supervisory Committee shall not concurrently given the responsibility of other duties and shall follow directions and orders solely from the Company’s Audit and Supervisory Committee.
- 2) The Company makes a personnel change and conducts performance review for support staff for the Audit and Supervisory Committee with the agreement of full-time Audit and Supervisory Committee Members.

#### Coordination among Audit and Supervisory Committee, Accounting Auditor, and Internal Audit Division **Updated**

Audit and Supervisory Committee coordinates closely with the internal audit division, the Accounting Auditor, the accounting division and other bodies through initiatives that include holding meetings to exchange opinions regularly and as needed, thereby ensuring structures for effective audit implementation.

Audit and Supervisory Committee performs internal audits that entail testing and evaluating the effectiveness and efficiency of operations, including those of the Company and its affiliates domestically and overseas, in conjunction with the Compliance & Audit Office which acts as the Company’s internal audit division. The Audit and Supervisory Committee enhances the checking function and provides suggestions for operational improvements by, for example, regularly reporting audit results to the Representative Directors. Moreover, Audit and Supervisory Committee 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.

### [Voluntary Committees]

Voluntary Establishment of Committee(s) Equivalent to Nominating Committee or Compensation Committee	Not Established
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### [Independent Officers]

Number of Independent Officers <b>Updated</b>	3
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Matters relating to Independent Officers
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### [Incentives]

Implementation of Measures to Provide Incentives to Directors	Performance-linked Compensation and Stock Options
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Supplementary Explanation
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The compensation system for Directors is as provided in “[Director Compensation] Disclosure of Policy on Determining Compensation Amounts and Calculation Methods” below.

Recipients of Stock Options <b>Updated</b>	Other
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Supplementary Explanation <b>Updated</b>
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Recipients of Stock Options: Executive Directors

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

### [Director Compensation]

Disclosure of Individual Directors’ Compensation	No Individual Disclosure
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Supplementary Explanation <b>Updated</b>
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Details of compensation, etc. for officers in the fiscal year ended March 31, 2016 (the previous fiscal year) are as follows:

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

Twelve (12) Directors (excluding Outside Directors): ¥310 million (including ¥241 million of base compensation, ¥42 million of bonus and ¥25 million of stock options)

One (1) Outside Director: ¥8 million (consisting of ¥8 million of base compensation)

Two (2) Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members): ¥25 million (consisting of ¥25 million of base compensation)

Two (2) Outside Audit & Supervisory Board Members: ¥9 million (consisting of ¥9 million of base compensation)

(Notes)

1. The amount of compensation paid does not include employee-portion salary for Directors who also serve as employee.
2. Officers as of the last day of the previous fiscal year comprise eleven (11) Directors excluding Outside Directors, one (1) Outside Director, two (2) Audit & Supervisory Board Members 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. In addition to the above, the Company paid directors' retirement allowance of ¥16 million to one (1) retired Director who retired at the close of the 49th Ordinary General Meeting of Shareholders held on June 18, 2015. Included in this amount was ¥14 million of provision for directors' retirement allowances, which had been included in compensation, etc. for officers in previous fiscal years.

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

##### - Policy on determining compensation

Under the compensation structure focusing on linkage with performance in the short term and the medium to long term, the Company stimulates actions of officers 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 compensation is as follows:

##### a) Compensation for Executive Directors

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

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

Stock-based compensation 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 compensation 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) Compensation for Directors other than Executive Directors

The Company's compensation for non-Executive Directors and Directors who are Audit and Supervisory Committee Members consists only of fixed compensation.

##### - Procedures for determining compensation

The Company determines the amount of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) at the Board of Directors, and the amount of compensation for Directors who are Audit and Supervisory Committee Members at the Audit and Supervisory Committee, to the extent of the total amount of compensation approved at a General Meeting of Shareholders.

#### **[Supporting System for Outside Directors] Updated**

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 to appropriately and effectively monitor and supervise management from an independent standpoint. Also to ensure smooth progress of the system, full-time inside Audit and Supervisory Committee 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 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 and Supervisory Committee.

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

### - Directors and Board of Directors

The Company's Board of Directors, which is composed of eleven (11) Directors (excluding Directors who are Audit and Supervisory Committee Members) and four (4) Directors who are Audit and Supervisory Committee Members (including three (3) Outside Directors), and is positioned as an organ that deliberates and makes decisions on important managerial matters including basic management policy and mid-term business plans, and carries out auditing and supervision of the execution of duties.

The Board of Directors convenes once every month for regular meetings and on other occasions as required to submit, thoroughly deliberate on and pass resolutions on all important matters. The Articles of Incorporation specify that Directors shall be elected by resolution of a General Meeting of Shareholders 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 employed.

In accordance with rules and bylaws governing the Board of Directors, matters that require a resolution are examined in advance from legal, accounting, tax, economic rationality and other perspectives to ensure legal compliance and rationality.

- Audit and Supervisory Committee

The Audit and Supervisory Committee of the Company, a majority of which are Outside Audit and Supervisory Committee Members, strives to make appropriate judgments from an objective standpoint, while acting independent from the Board of Directors. Outside Audit and Supervisory Committee Members, who have extensive experience as attorney at law with legal expertise or as certified public accountant with accounting expertise, and inside Audit and Supervisory Committee Members, who are familiar with the Company's business, conduct highly effective audits, and provide opinions to the management at the Board of Directors meetings and other important meetings in coordination with the internal audit division. Moreover, assistants shall be assigned to assist duties of Audit and Supervisory Committee, and the independence of employees performing the relevant tasks from Directors (excluding Directors who are Audit and Supervisory Committee Members) is secured.

- 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 and Supervisory Committee and the internal audit division in a timely manner.

- Outside Directors

The Company has appointed three (3) Outside Directors in order to enhance the supervisory function of the Board of Directors. No conflict of interest exists between these three (3) Outside Directors 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. Outside Directors focus on ensuring legal compliance of management and strive to strengthen management supervision, through proactively exchanging opinions and providing advice at the Board of Directors meetings while giving attention to all stakeholders, supervising on appointment, dismissal and compensation of the management, conflict of interests between the Company and the management or the controlling shareholders, etc., and participating in other important decision making at the Board of Directors meetings. In addition, they strive to provide effective supervision by visiting the Company's bases regularly, collecting information, and exchanging information and opinions with other Directors and employees.

When appointing Outside Directors, the Company nominates the candidates in accordance with its criteria for nomination of director candidates, including the Company's independence criteria. The Company designates these Outside Directors as independent officers upon consent of each Outside Director, and notifies them as independent officers to the Tokyo Stock Exchange.

Furthermore, to ensure appropriate and effective exercise of monitoring and overseeing of the management by Outside Directors from an independent standpoint, the Company has established a system where the corporate planning division and the internal audit division provide Outside Directors with necessary documents or explanation of situations pertaining to management.

The Articles of Incorporation state that in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into agreements with its Directors who are not Executive Directors limiting their liability for damages under Article 423, Paragraph 1 of the Companies Act, and the Company has entered into the said agreements. Accordingly, their liability for damages under the agreements is limited to the minimum amounts stipulated by laws and regulations.

- Compliance & Audit Office

The Company has set up the Compliance & Audit Office as a body under the direct control of the President. In the internal audit area, the Compliance & Audit Office tests and evaluates effectiveness and efficiency of operations through internal auditing of the Company and domestic and overseas affiliates. It also works to enhance the checking function and provide suggestions for business improvements, for example by reporting audit results to the Board of Directors.

Moreover, audit information such as implementation of internal audit and challenges are shared at the Alps Group Auditors Liaison Committee and on other occasions.

In the compliance area, the Compliance & Audit Office works to promote establishment and operation of systems for ensuring the appropriateness of operations to comply with corporate ethical standards, laws and regulations, social norms and in-house regulations, while aiming for business management ensuring legal compliance in cooperation with internal related departments including the Corporate Planning Office, the Legal Division and the Human Resources & General Affairs Division.

- Mid-Term Business Plan deliberation meetings

The Company formulates the Mid-Term Business Plan based on company policy and targets. Business plans are approved by the Board of Directors after an opportunity for deliberation and information sharing at business plan meetings held twice a year with Directors of the Company in attendance. Accordingly, operations are

implemented with progress monitored on a monthly basis, while important matters are submitted to the Board of Directors for deliberation in accordance with in-house regulations to ensure optimal utilization of management resources.

- Corporate Planning Office

The Corporate Planning Office drives managerial planning and cross-functionally promotes various activities with CSR promotion functions centralized to the office. The Corporate Planning Office also coordinates closely with related departments which pursue environmental activities to promote effective CSR activities while strengthening efforts to appropriately disclose information.

**3. Reasons for Adoption of Current Corporate Governance System Updated**

With the resolution of the 50th Ordinary General Meeting of Shareholders held on June 22, 2016, the Company made the transition from a company with audit & supervisory board to a company with audit and supervisory committee. The Audit and Supervisory Committee, independent from the Board of Directors, is expected to coordinate closely with the Accounting Auditor and internal audit division to strengthen its audit and supervisory functions, making it possible for the Company to strive for further enhancement in corporate governance and realization of fair and highly transparent management.

The Company has a function-based organizational structure. Due to strong interconnectedness and highly specialized nature of the functions, the Company ensures quick and appropriate decision-making and execution of duties through mutual exchange of opinions among Directors who are familiar with business including directors in charge of business divisions. The Company believes that clarifying each Director's managerial accountability and mutually supervising the execution of duties enhance effective supervising function.

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

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

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	The Company issues a Notice of Convocation at least three weeks before the date of the General Meeting of Shareholders, which is earlier than the statutory deadline. In 2016, a Notice of Convocation was disseminated on June 1. Also, from the viewpoint of early disclosure of information to shareholders, the Company disclosed the Notice of Convocation both on the website of the Tokyo Stock Exchange and the Company's home page before the dissemination of the notice.
Scheduling Ordinary General Meeting of Shareholders Avoiding the Peak Day	Every year, the Company avoids scheduling conflicts with shareholder meetings of other companies in holding its General Meeting of Shareholders, and intends to hold to that policy going forward.
Allowing Electronic or Magnetic Exercise of Voting Rights	The Company has adopted the exercise of voting rights via the Internet beginning with the 50th Ordinary General Meeting of Shareholders held on June 22, 2016.
Participation in Electronic Voting Platform and Other Efforts to Improve the Environment Surrounding the Exercise of Voting Rights by Institutional Investors	The Company has adopted the electronic voting rights exercise platform for institutional investors operated by ICJ, Inc. beginning with the 50th Ordinary General Meeting of Shareholders held on June 22, 2016.
Providing Notice of Convocation in English (Fully or Partially)	The Company prepares an English version of the Notice of Convocation (partially), mails it to foreign shareholders (overseas institutional investors), and simultaneously posts 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 Meeting of Shareholders 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 Meeting of Shareholders. The discussion sessions are attended by the Company's Directors and provide opportunities for candid exchanges of opinion. In addition, the voting results are 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	Public & Investor Relations Department	
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 **Updated**

	Supplementary Explanations
In-house Regulations, etc. Stipulated for Respecting the Position of Stakeholders	The Alpine Group promotes "contribution to society" as its corporate philosophy and works to uphold a respect for stakeholders in its activities, based on the Alps Group Management Paradigm (Alps Group Management Regulations, Alps Group Compliance Charter and Alps Group Environmental Charter). 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." The Company has established 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 carrying out activities geared toward fulfilling the Company's corporate social responsibility to stakeholders. The Company annually makes descriptions of these activities widely available in its CSR Report or via the Company's website and in other formats. In addition, as a measure to better promote understanding of the Company's activities, from the fiscal year ended March 31, 2016, the Company integrated its Annual Report and CSR Report and recompiled them as an Annual Report that combines both financial information and non-financial information.

	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 sixth year in primary school.</p> <p>In addition from the fiscal year ended March 31, 2016, the Company has introduced a re-employment system for ex-employees who left the Company for child-rearing or care-providing reasons.</p> <ul style="list-style-type: none"> <li>• Proportion of female employees</li> </ul> <p>Some 6.7% of the Company's officers are female (one employee). Some 1.2% of the Company's managers are female (two employees, section manager and above).</p>

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

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

As a member of the Alps Group led by Alps Electric Co., Ltd., the Company regards the Alps Group's founding spirit (precepts) as the origin of Group management. The Company established its fundamental philosophy and action guidelines relating to compliance in accordance with the Alps Group Management Paradigm (Alps Group Management Regulations, Alps Group Compliance Charter and Alps Group Environmental Charter), and promotes compliance throughout 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:

1. System for ensuring that the execution of duties by Directors and employees of the Company and directors and employees of its subsidiaries complies 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) The Company nominates several candidates for Outside Directors that are independent with no interests (hereinafter referred to as "Independent Outside Directors"). Moreover, to deliberate and make decisions on management policy and important managerial matters at the Board of Directors meeting that Independent Outside Directors 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 elected as Director at the General Meeting of Shareholders.
  - (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 foster sound corporate climate, the Company provides compliance education to its officers and employees.
  - (5) The Company has put in place a structure for providing guidance and management regarding operations of its subsidiaries, to act as a system to ensure that the execution of duties by directors and employees of its subsidiaries complies 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.
2. 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 stipulated basic matters on document control in the in-house regulations, and appropriately records, stores, and manages information related to the execution of duties by Directors.
  - (2) 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.
3. 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.
4. 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.

5. 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 Board of Directors as well as the Audit and Supervisory Committee and the Accounting Auditor.
- (5)The Company's Audit and Supervisory Committee makes 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.

6. Matter regarding employees who assist duties of the Audit and Supervisory Committee

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

7. Matter regarding ensuring independence of the Company's support staff for the Audit and Supervisory Committee from Directors and effectiveness of instructions for the support staff

- (1)Support staff for the Audit and Supervisory Committee shall not concurrently given the responsibility of other duties and shall follow directions and orders solely from the Company's Audit and Supervisory Committee.
- (2)The Company makes a personnel change and conducts performance review for support staff for the Audit and Supervisory Committee with the agreement of full-time Audit and Supervisory Committee Members.

8. Structure for reporting by the Company's Directors and employees to its Audit and Supervisory Committee

- (1)The Company has in place the structure whereby a Director makes a report to the Audit and Supervisory Committee concerning any serious internal misconduct or any important matter that may cause significant damage on the Company.
- (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 the Audit and Supervisory Committee through reporting to the Ethics Hotline contact point.

9. 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 and Supervisory Committee

- (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 and Supervisory Committee.
- (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 and Supervisory Committee through reporting to the Ethics Hotline contact point.

10. Structure for ensuring that a person who reported to the Audit and Supervisory Committee is not treated unfavorably for the report

The Company has stipulated in in-house regulations that it is prohibited to treat a Director, 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 the Audit and Supervisory Committee.

11. Procedures for advance payment or reimbursement of expenses arising in conjunction with execution of duties by the Company's Audit and Supervisory Committee Member (limited to those expenses incurred in

relation to execution of the Audit and Supervisory Committee's duties) and policies for processing other expenses and obligations arising with respect to execution of such duties

If an Audit and Supervisory Committee Member asks the Company for the expenses arising in conjunction with the execution of his or her duties, the Company shall appropriately process such expenses in accordance with Article 399-2, Paragraph 4 of the Companies Act.

12. Other structure for ensuring that Audit and Supervisory Committee's audit is conducted effectively

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

13. Structure for ensuring the appropriateness of financial reporting

The Company checks the establishment and operation of internal control through self-inspection of its operation and evaluation by an independent division, and discloses the effectiveness of internal control on reliability of financial reporting in the internal control report.

**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 Updated**

#### **- 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 Public & Investor Relations Department 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.

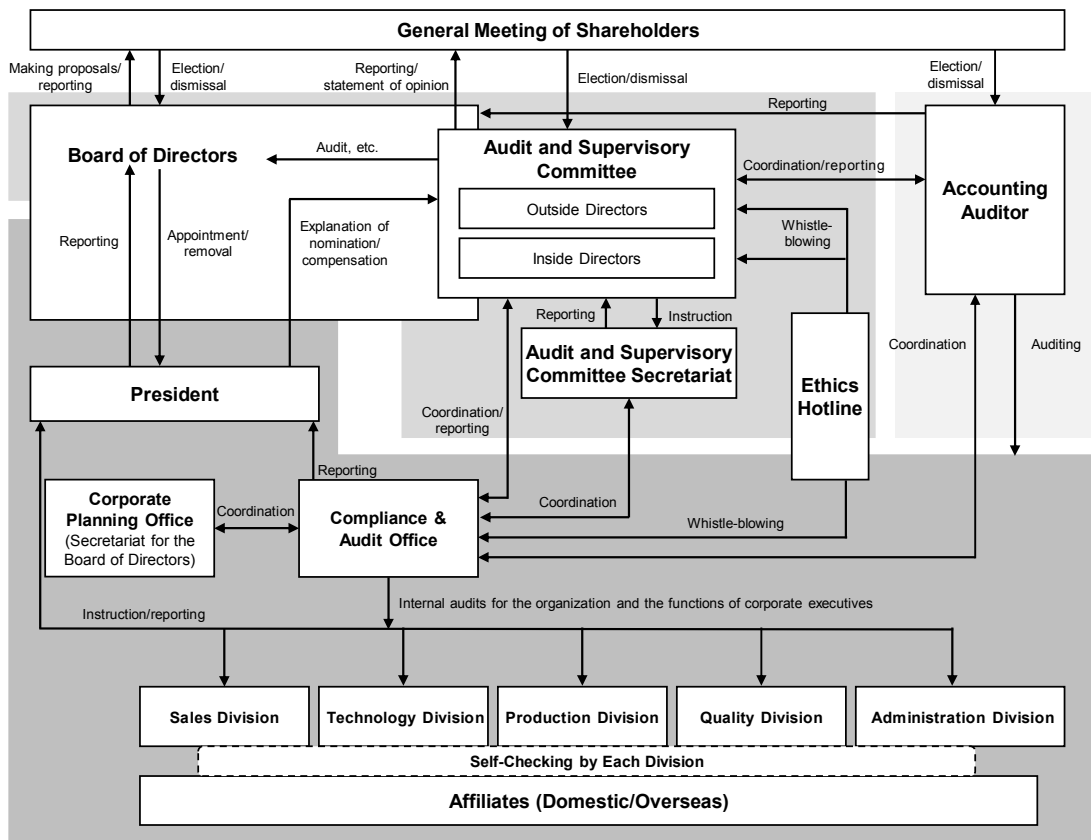
##### **(2) Establishment of procedures for timely disclosure**

- (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 Public & Investor Relations Department either after the accounting division has reported it to the Board of Directors or after it has been verified with the Representative Directors, and it is also disclosed in accordance with timely disclosure rules. This corporate information is reported to all Directors 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 Audit and Supervisory Committee system whereby Audit and Supervisory Committee Members attend the Board of Directors meetings and perform audits which also encompass those of the Company's affiliates in and out of the Alpine Group. Moreover, the Company has established the Compliance & 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 Compliance & Audit Office also maintains the internal control function and accordingly works to improve internal controls.

## [Corporate Governance Structure]



## [In-House Structure for Timely Disclosure]

