

(Translation)

Date of most recent revision: June 30, 2016
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Securities code: 7248
<http://www.calsonickansei.co.jp/english/index.html>

The following is the status of corporate governance at Calsonic Kansei Corporation (hereinafter referred to “Company”).

[/ Basic Views on Corporate Governance and Capital Structure, Corporate Attributes, and Other Basic Information](#)

1. Basic Views

1) Basic Views

The Company aims to improve corporate value and achieve stable long-term growth. To achieve these goals, the Company believes it is vital to contribute to creating a prosperous society through its business activities and to have excellent relationships with all stakeholders. Based on this viewpoint, the Company strives to enhance corporate governance.

2) Basic Policies

- (1) The Company shall strive to secure shareholders’ rights and equality, and assure an environment in which their rights can be exercised appropriately.
- (2) The Company shall strive to cooperate with non-shareholding stakeholders in an appropriate manner.
- (3) The Company shall disclose information in compliance with laws and regulations, and shall strive to ensure transparent management through proactive communication and supply of information.
- (4) The Company shall strive to ensure that the roles and responsibilities of the Board of Directors are performed in an appropriate manner to secure transparent, sound, and responsive decision-making.
- (5) The Company shall strive to have constructive two-way dialogues with shareholders by supplying information in a timely and appropriate manner.

[Reasons for Non-compliance with the Principles of Corporate Governance Code] Update

The Company complies with all of the principles of the Corporate Governance Code.

[Disclosure in Accordance with Principles of Corporate Governance Code] Update

<Principle 1-4. Cross-Shareholdings>
(Policies)

The Company will not hold shares as a strategy for maintaining relationships with corporate

clients unless holding such shares is deemed to improve the Company's corporate value in the medium and long term by means such as strategic cooperation for the purpose of implementing the Company's business strategy.

If the Company holds such shares, the Company determines whether or not to retain those shares through regular reviews at meetings of the Board of Directors and confirming the economic rationale.

(Exercising voting rights)

The Company exercises its voting rights in each case upon determining whether a proposal is consistent with the Company's business strategy and contributes to the Company's corporate value in the medium and long term.

<Principle 1-7. Related Party Transactions>

The Company shall obtain the approval of the Board of Directors for any conflict of interest transactions conducted between the Company and its directors, in accordance with the Regulations of the Board of Directors.

In addition, in transactions with Nissan Motor Co., Ltd., the Company's major shareholder, the Company shall determine prices through negotiations in the same way as the Company's ordinary customers after submitting desired prices in consideration of market prices and overall costs. Decisions on prices shall be made at a Sales Price Decision Meeting chaired by the officer who has been assigned with authority in line with the Company's Delegation of Authority Rules.

In addition, prices shall be revised on a fiscal year basis in a transparent manner by the Price Revision Policy Committee chaired by the officer who has been assigned with authority.

<Principle 3-1. Full Disclosure>

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

The Company's corporate vision, mission, and medium-term business plan are disclosed on its website. The progress of the medium-term business plan is provided with an explanation at the general shareholders' meetings, as well as briefings on financial results, and is also disclosed through information media.

Corporate vision and mission

<http://www.calsonickansei.co.jp/english/company/philosophy.html>

Medium-term Business Plan GX4 T10

<http://www.calsonickansei.co.jp/english/company/gx4t10.html>

2. Basic views and guidelines on corporate governance based on each of the principles of the Code

As stated in the aforementioned "1. Basic Views"

3. Board policies and procedures in determining the remuneration of the senior management and directors

1)Policies for determining remuneration

The remuneration of directors comprises monthly compensation and bonuses (based on an evaluation of annual operating performance, as well as incentives linked to medium- and long-term business results) under a remuneration system that ensures compensation levels reflect business performance and improving medium- and long-term corporate value, as well as the roles and responsibilities of directors and their performance. The outside director is not provided with bonuses, given the role of monitoring and supervising management from an independent standpoint.

2)Procedures for the above policies

The remuneration of directors is determined by the Board of Directors within limits approved at a general shareholders' meeting. In determining the remuneration, the Company obtains advice from the outside director(s) to enhance fairness.

4. Board policies and procedures in the appointment of senior management and the nomination of directors and statutory auditors

1) Policies for selection and appointment

The Company resolved the following standard for appointing the candidates for director and statutory auditor at a meeting of the Board of Directors held on March 23, 2016.

[Criteria for appointment of director candidates]

The Company appoints director candidates in accordance with the following criteria.

1. Director candidates shall satisfy the following requirements.

(1) Director candidates shall be capable of contributing to sustainably increase corporate value and achieve stable growth and have outstanding personality and insight.

(2) In-house director candidates shall be familiar with corporate management for global automotive industry and have expertise enough to make decisions appropriately and knowledge and experience enough to monitor the execution of business.

(3) Outside director candidates shall have abundant experience of corporate management, etc. and deep insight enough to monitor the execution of business and reflect a variety of opinions to decision-making from an independent standpoint.

2. The appointment of the director candidates shall be made taking into consideration that the board of directors shall be well balanced in knowledge, experience and skills as a whole for appropriate, timely and decisive decision-making and monitoring the execution of business.

[Criteria for appointment of statutory auditor candidates]

The Company appoints statutory auditor candidates who satisfy the following requirements.

(1) Statutory auditor candidates shall have expertise such as finance, accounting or corporate management, be capable of executing fair and proper audits and have outstanding personality and insight.

(2) In-house statutory auditor candidates shall have abundant experience of corporate management or the global Company's business.

(3) Outside statutory auditor candidates shall be capable of executing audits based on abundant knowledge and experience and from an independent standpoint and a variety of viewpoints.

2) Procedures for the above policies

In line with the above policies, the Representative Director prepares the contents of a proposal, followed by discussions and a decision of the Board of Directors. The Company obtains advice on the contents of a proposal from outside director(s) to enhance fairness.

5. Explanations with respect to the individual appointments and nominations based on 4

The personal histories of individuals recommended as candidates for director or statutory auditor, as well as explanations of nominations for appointment shall be described in the reference materials of a general shareholders' meeting.

<Supplementary Principle 4-1-1. Scope and content of the matters delegated to the management>

The Board of Directors is defined as a body having the duty to take decisions on matters prescribed in laws and regulations, as well as important management issues stipulated in the Regulation of the Board of Directors and detailed regulations, such as management policies, business plans, investment plans, incorporation of subsidiaries, and capital contribution to subsidiaries, while also having the duty to monitor the execution of business.

The Company shall review and revise these regulations, as needed, according to changes in the business environment.

Directors shall, as a main role, determine management policies and supervise the execution of business based on such policies, while officers bear the roles and responsibilities of executing actions with responsive decision-making.

Business execution shall be conducted under a system in which the Global Executive Committee (GEC), the Management Committee, and other meeting bodies shall examine and discuss cases, supported by the establishment of a transparent Decision Authority Rules, thus enabling effective discussions and responsive decision-making.

In addition, regarding important matters in the light of internal control systems, the Company shall take appropriate decisions through discussions and monitoring by involving the Internal Control Committee, etc. serving all organizations of the Company.

<Principle 4-8. Effective utilization of independent outside directors (two or more)>

The Company believes it is vital, from the viewpoint of corporate governance, that independent outside directors perform their duties while understanding the Company's business activities and supervising business executives appropriately from an independent standpoint.

With this viewpoint, the Company carried out the nomination process and appointed two independent outside directors at the general shareholders' meeting held in June 2016.

<Principle 4-9. Independence standards and qualification for independent directors>

The Company appoints an independent outside director pursuant to the requirements prescribed in the Companies Act and the criteria for independence set forth by the Tokyo Stock Exchange. When appointing, the Company places emphasis on the candidate's outstanding expertise and broad experience to provide candid and constructive views and advice on the Company's management.

<Supplementary Principle 4-11-1. Views of the Board of Directors as a whole>

The Board of Directors is currently operated overall in a well-balanced form from the comprehensive aspects of knowledge, experience, and capabilities to take appropriate, timely, and explicit decisions and supervise the execution of business. The composition of the Board of Directors, in terms of the number of board members, is considered to be appropriate. With advice from outside directors, we will continue to study and discuss the framework of the Board of Directors in terms of its overall balance, including the scope for increasing the number of outside directors, and the appropriate number of directors, in order to respond as needed to changes in the business environment.

Policies and procedures regarding appointments of directors are as stated in the aforementioned Principle 3-1.4.

<Supplementary Principle 4-11-2. Concurrent posts in other companies of directors and statutory auditors>

The Company's directors and statutory auditors shall perform their roles and responsibilities under the obligation to exercise due care as board members and the duty of loyalty. In case they are appointed to serve concurrently as board members of other listed companies, they shall be allowed to undertake such roles within a reasonable range. Concurrent positions of directors at present are as follows:

Norio Takamatsu: Outside Statutory Auditor, JGC CORPORATION

<Supplementary Principle 4-11-3. Analysis and evaluation of the overall effectiveness of the Board of Directors >

The Company considers that it is important to work continuously on improving the functions and effectiveness of the Board of Directors, in order to promote business operations that aim to improve the corporate value of the Company. As a part of such efforts, the Company evaluates the effectiveness of the Board of Directors once a year, in principle.

(Process for evaluating effectiveness)

- Carrying out a questionnaire survey of all directors and statutory auditors on the composition of the Board of Directors, operations, discussions, and relationships with investors and shareholders
- Carrying out an analysis of the results of the questionnaire survey, including advice from outside directors, mainly by the chairperson of the Board of Directors

- Based on the results of the analysis, report on the evaluation results, and discuss and confirm the plan to improve effectiveness based thereon at a meeting of the Board of Directors (Outline of evaluation results)

In accordance with the above process, the Company has recently evaluated that the effectiveness of the Board of Directors is secured based on the results of an evaluation of effectiveness.

At the same time, various opinions have been presented with respect to the composition of the Board of Directors, selection of agenda items, and involvement of the Board of Directors in risk management.

(Future activities)

Based on such opinions, the Company will work continuously on improving the functions and effectiveness of the Board of Directors.

<Supplementary Principle 4-14-2. Training policy for directors and statutory auditors>

The Company encourages directors and statutory auditors to take workshops and training sessions, in order to gain the necessary knowledge to perform their roles and responsibilities. The Company provides lectures on legal matters, internal control, corporate governance, etc. to directors and statutory auditors. At the same time, the Company encourages directors and statutory auditors to take external lectures provided by specialists in various fields. The Company explains the Company's business conditions and contents of business to the outside directors and statutory auditors at their inauguration, and after inauguration, continues to provide them with opportunities for meeting executives and visiting the Company's sites. The Board of Directors ascertains the progress of training sessions for directors and statutory auditors.

<Principle 5-1. Policies for Constructive Dialogue with Shareholders>

Stressing the importance of IR activities with the aim of promoting fair and constructive dialogues with shareholders, the Company established an internal division dedicated to activities for CSR, public relations, and IR, thus enhancing IR activities for shareholders through collaboration among the relevant departments.

Under the direct supervision of the director in charge of business planning and finance, dedicated department strengthens cooperation with relevant departments, enabling prompt decision-making and execution.

The Company holds briefings on financial statements for institutional investors, while organizing tours to visit the Company's facilities and study sessions and presentations by the President and responsible officers. At the same time, the Company ensures ongoing two-way dialogues with shareholders through individual meetings, etc. on a regular basis, and reports their opinions to the executives.

With regard to controlling insider information, the Company ensures thorough compliance with the Rules on Preventing and Controlling Insider Trading. While communicating with investors, it exercises due care when releasing information by taking measures including setting a silent period—the period set from the accounts settlement date until the date financial statements are released, during which it refrains from responding to the media and commenting.

2. Capital Structure

Percentage of shares owned by foreign shareholders: 20% or above and below 30%

[Major Shareholders Update] **Update**

Shareholders	No. of shares held	% of total shares held
Nissan Motor Co., Ltd.	111,163,990	40.68
Japan Trustee Services Bank, Ltd. (Trust account)	13,643,000	4.99

The Master Trust Bank of Japan, Ltd. (Trust account)	9,526,000	3.49
Natural Mutual Insurance Federation of Agricultural Cooperatives	7,304,000	2.67
Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust, Mizuho Bank, Ltd. account, Trustee for re-entrust, Trusty & Custody Services Bank, Ltd.	5,578,000	2.04
Nippon Life Insurance Company	5,462,658	2.00
Japan Trustee Services Bank, Ltd. (Trust account 9)	5,014,000	1.84
BBH BOSTON CUSTODIAN FOR JAPAN VALUE EQUITY CONCENTRATED FUND A SERIES OF 620135 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	3,098,000	1.13
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	3,081,782	1.13
CBNY-GOVERNMENT OF NORWAY (Standing proxy: Citibank Japan Ltd.)	3,037,822	1.11

Controlling shareholders (excluding the Parent Company)	---
Parent Company	Nissan Motor Co., Ltd. (Listed: Tokyo) (Code) 7201

Supplementary explanation

3. Corporate Attributes

Listed exchange and market segment:	Tokyo Stock Exchange First Section
Fiscal year-end:	March
Industry:	Transportation equipment
Number of employees at the most recent fiscal year-end (consolidated):	1,000 or more
Consolidated net sales for the most recent fiscal year: Update	One trillion yen or more
Number of consolidated subsidiaries at the most recent fiscal year-end:	between 10 and less than 50

4. Guidelines on Measures to Protect Minority Shareholders When Dealing with Controlling Shareholders

Nissan Motor Co., Ltd., the parent company, holds 41.6% of the Company's voting rights. In transactions with Nissan Motor Co., Ltd., the Company shall determine prices through negotiations in the same way as the Company's ordinary customers after submitting desired prices in consideration of market prices and overall costs. Decisions on prices shall be made at a Sales Price Decision Meeting chaired by the officer who has been assigned with authority in line with the Company's Delegation of Authority Rules. In addition, prices shall be revised on a fiscal year basis in a transparent manner by the Price Revision Policy Committee chaired by the officer who has been assigned with authority.

5. Other Special Circumstances that May Materially Affect Corporate Governance

- Nissan Motor Co., Ltd., the parent company, holds 41.6% of the Company's voting rights. The Company has a close cooperative relationship with the parent company, while engaging in business activities independently and securing its own management to a certain extent, including the ability to negotiate prices with the parent company.
- Tokyo Radiator Mfg. Co., Ltd. is the Company's listed subsidiary and 40.1% of its voting rights are held by the Company. While having a close collaborative relationship with the subsidiary, the Company respects the independent operations of the subsidiary.

// Corporate Governance Structure for Management Administration Pertaining to Management Decision-making, Execution, and Supervision, and Others

1. Matters Concerning Institutional Structure and Organizational Operations

Organization form: Company with auditors

[Director]

Number of directors specified in the Articles of Incorporation: No upper limit set

Terms of office specified in the Articles of Incorporation: One year

Chairperson of the Board of Directors: President

Number of directors: Five

Outside directors appointed: Yes

Number of outside directors **Update:** Two

Number of outside directors designated as independent directors **Update:** Two

Outside Directors' Relationship with the Company (1) **Update:**

Name	Attribute	Relationship with the Company(*)										
		a	b	c	d	e	f	g	h	i	j	k
Norio Takamatsu	From another company											
Keiichi Murata	From another company		△	△		△						

* 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 of the Company or its subsidiary

b Non-executive director or executive of a parent company of the Company

c Executive of a fellow subsidiary company of the Company

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

e Major client or supplier of the listed 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/statutory auditor

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

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

i Executive of a company, between which and the Company outside directors/statutory auditor 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) **Update:**

Name	Independent director	Explanation of Attributes	Reason for appointment
Norio Takamatsu	○	---	Mr. Takamatsu has considerable experience and knowledge as a business manager and has contributed greatly to the Company. The Company judges him to be capable of providing appropriate advice to the Company's management and strengthening its supervisory functions as an outside director based on his achievements.
Keiichi Murata	○	31 years of service at the parent company (until March 2008)	Mr. Murata has considerable experience and knowledge as a business manager. The Company judges him to be capable of providing appropriate advice to the Company's management and strengthening its supervisory functions as an outside director based on his achievements.

Voluntary Committee corresponding to Nomination Committee or Remuneration Committee:

No

[Statutory Auditor]

Board of Statutory Auditors established:

Yes

Number of statutory auditors specified in the Articles of Incorporation:

No upper limit set

Number of statutory auditors:

Four

Status of Collaborative Work Among Statutory Auditors, Accounting Auditors, and Internal Audit Department

Statutory auditors receive audit plans, as well as periodic reports on audit results of quarterly financial statements from the accounting auditor, Ernst & Young ShinNihon LLC.

Outside statutory auditor appointed:	Yes
Number of outside statutory auditors:	Two
Number of outside statutory auditors designated as independent directors Update:	Two

Outside Statutory Auditors' Relationship with the Company (1) **Update:**

Name	Attribute	Relationship with the Company(*)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Ichiro Negishi	From another company			△		△		△						
Hirotsugu Umeki	From another company											△		

* Categories for "Relationship with the Company"

* "○" when the statutory auditor presently falls or has recently fallen under the category; "△" when the statutory auditor fell under the category in the past

* "●" when a close relative of the statutory auditor presently falls or has recently fallen under the category; "▲" when a close relative of the statutory auditor fell under the category in the past

a Executive of the Company or its subsidiary

b Non-executive director or accounting advisor of the Company or its subsidiaries

c Non-executive director or executive of a parent company of the Company

d Statutory auditor 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 statutory auditor

i Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

j Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the statutory auditor himself/herself only)

k Executive of a company, between which and the Company outside directors/statutory auditor are mutually appointed (the statutory auditor himself/herself only)

l Executive of a company or organization that receives a donation from the Company (the statutory auditor himself/herself only)

m Others

Outside Directors' Relationship with the Company (2) **Update:**

Name	Independent director	Explanation for adaptability	Reason for the appointment
Ichiro Negishi		Twenty-three years of service at the parent company (Until May 2000)	Because Mr. Negishi has served as statutory auditor of the Company and Nissan Kohki Co., Ltd., he has considerable experience and knowledge, and has

			contributed greatly to the Company. The Company judges him to be capable of strengthening the Company's supervisory functions based on his achievements.
Hirotsugu Umeki	○	---	Because Mr. Umeki has served as statutory auditor of the Company and Tokio Marine Millea SAST Insurance Co., Ltd., he has considerable experience and knowledge, and has contributed greatly to the Company. The Company judges him to be capable of strengthening the Company's supervisory functions based on his achievements.

[Independent Director]

Number of independent directors Update:	Four
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Other matters concerning independent directors

[Incentives]

Measures granting incentives to directors:	Introduction of performance-linked remuneration system
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Supplementary explanations of applicable items

The Company introduced the medium-term performance-linked remuneration system with the aim of further enhancing the motivation of directors to achieve growth and sustainable profitability.

Recipients of Stock Options

Supplementary Explanation

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	The Company does not disclose remuneration data of individuals.
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Supplementary Explanation

Annual securities reports are posted on the Company's website, and are available for public inspection. The Company discloses total paid compensation, directors' bonuses, and retirement allowances.

Policies to determine remuneration and calculation method:	Yes
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Disclosure of policies for determining remuneration and calculation method

It is described in [Disclosure in accordance with Principles of Corporate Governance Code] <Principle 3-1. Full Disclosure > 3. Board policies and procedures in determining the remuneration of the senior management and directors

[Support System for Outside Directors (Outside Statutory Auditors)]

The Company intends to facilitate the smooth supply of information from internal directors, statutory auditors, and executive officers to outside directors. The Company has established the Statutory Auditor Office (two dedicated personnel) as an organization to assist statutory auditors, including outside auditors, in their duties.

2. Functions Including Business Execution, Audit, Supervision, Appointments, and Determining Remuneration (Outline of Current Corporate Governance Systems) **Update**

- The Board of Directors, comprising directors and statutory auditors (including outside statutory auditors), holds a regular meeting once a month and an extraordinary meeting as necessary. As a decision-making body related to the execution of business, the Board of Directors determines material matters in accordance with laws, ordinances, and the Articles of Incorporation.
- The Board of Statutory Auditors, consisting of statutory auditors (including outside statutory auditors), holds a regular meeting once a month and determines important matters concerning audits.
- The GEC, consisting of executive officers (including concurrent directors), holds a regular meeting twice a month and conducts reviews and discussions on proposals and policies on material matters concerning management.
- For audit and supervisory functions, the Company established the Internal Audit Office (five staff) as a department for conducting internal audits, in addition to statutory audits conducted by statutory auditors, and carries out periodic audits of departments and Group subsidiaries to verify compliance with laws, ordinances, and the Articles of Incorporation, as well as risk management.
- Directors and executive officers provide statutory auditors with explanations on the execution of their duties at their request. In addition, directors and executive officers report important decision-making matters, policies, and the status of operations of the Company and its Group to statutory auditors at various meetings attended by statutory auditors. Furthermore, at a periodic departmental audit performed by statutory auditors based on an annual audit plan, directors and executive officers present the status of the execution of their duties and issues.
- The Company has also established the Risk Management Committee, Information Security Committee, Compliance Risk Control Committee, and Central Health and Safety Committee, Environmental Control Committee, and Export Management Committee. Policies and measures for risk management are studied and discussed by these committees respectively and reported

to responsible directors, while periodic reports are delivered to the Board of Directors through the Internal Control Committee.

- The Company has appointed Ernst & Young ShinNihon LLC to conduct its accounting audit. Four executive officers of Ernst & Young ShinNihon LLC performed the audit for the 115th fiscal term ended March 31, 2016.
- For policies and procedures regarding the appointment of directors and statutory auditors, refer to 4. Board policies and procedures in the appointment of senior management and the nomination of directors and statutory auditors, <Principle 3-1. Full Disclosure>, [Disclosure in Accordance with Principles of Corporate Governance Code].

3. Reasons for Adopting the Current Corporate Governance System

- To achieve management goals, directors and executive officers perform their duties in accordance with the Rules of the Board of Directors, by making decisions after sufficient reviews and discussions on the agenda at meetings including periodic meetings of the Board of Directors and the GEC.
- The Company judges that the audit system operated by statutory auditors including outside statutory auditors has an effective management supervisory function. Accordingly, the Company has adopted the corporate form of having a Board of Statutory Auditors.

/// Measures Relating to Shareholders and Other Stakeholders

1. Efforts to Invigorate General Shareholders Meetings and Facilitate the Exercising of Voting Rights Update

	Supplementary explanation
Holding an general shareholders' meeting on a date that is not crowded with the shareholders' meetings of other companies	The general shareholders' meeting was held on June 24, 2016.
Provision of a convocation notice (summary) in English	Available at the Company's website.

2. Activities Relating to IR Update

	Supplementary explanation	Presentation by Representative
Holding periodic briefings for analysts and institutional investors	The Company held a briefing in May 2016 to provide analysts with explanations of its business results for the fiscal year ended on March 31, 2016.	Yes
Posting of IR materials on the Company's website	The address of the website is http://www.calsonickansei.co.jp and the following information is posted. <ul style="list-style-type: none"> • Message from the President • Financial information (financial highlights, financial statements, business reports, annual securities report, etc.) • IR events (annual schedules, the briefings of the Company) • Stock performance (stock price information, stock information) 	
Establishment of a department (responsible party) in charge of IR activities	CSR/Public Relations and IR Group	

3. Efforts to Ensure Due Respect for Stakeholders

	Supplementary explanation
Establishment of rules for ensuring due respect for stakeholders including Internal Rules.	Due respect for shareholders is clearly defined as a principle of the Company's Global Code of Conduct.

Environmental conservation initiatives, CSR activities, etc.	The Company has proactively engaged in environmental conservation initiatives. The results are published in the Environmental Report and are also posted on its homepage.
Formulation of policies for providing information to stakeholders	Emphasizing the transparency of management internally and externally, the Company strives to proactively disclose information to stakeholders.

IV Matters Related to Internal Control System

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

The Board of Directors of the Company resolved to develop its internal control system (frameworks for ensuring appropriate operations of the Company) in accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act as follows.

1. System to ensure compliance with applicable laws and regulations and compliance with CK's Articles of Association by CK's board members and employees

Calsonic Kansei Corporation (hereinafter referred to as "CK") shall enact and enforce relevant company rules and regulations such as "Calsonic Kansei Code of Conduct" (Japanese version), "Regulations for Meetings of Board of Directors", "Regulations on Management of Safety and Health", "Regulations for Personal Data Management", and "Regulations for Management of Insider Trading Prevention" and shall place CK's board members and employees on notice that they must be familiar with such company rules and regulations and comply with such rules and regulations, the Articles of Association of CK and all applicable laws and regulations. The Internal Audit Office, as established, shall perform its regular internal audit in order to confirm compliance with all applicable laws and regulations and the Articles of Association of CK. In the event that any report related to a violation of laws and regulations or the Articles of Association of CK is brought to CK based upon CK's internal reporting program, CK shall work through its compliance with applicable laws and regulations and the Articles of Association of CK with the Global Compliance Risk Management Committee. When operating the internal reporting system, CK shall prohibit any disadvantageous treatment of reporters and define the effect in the Code of Conduct.

CK shall assume a resolute attitude toward antisocial forces. If a board member or an employee of CK receives any approach by antisocial forces, he or she shall report to the superior and relevant departments immediately and follow their instructions. Further, if a board member or an employee of CK, directly or indirectly, encounters any illegal or criminal activities such as fraud and extortion during business execution, he or she shall assume a resolute attitude toward the activity, report to the superior and relevant departments immediately, and follow their instructions.

CK shall maintain and strengthen the structure of internal control that ensures the reliability of financial reports, in accordance with the Financial Instruments and Exchange Act and related regulations and standards.

2. System regarding the retention and management of information relating to business of CK's board members

Minutes of the meetings of the Board of Directors and/or other official documents authorized by CK's Rule for Delegations of Authorities shall be retained and kept by the responsible departments in accordance with CK's rules relating to the retention of documents. Board members and/or statutory auditors can review such minutes and official documents at any time.

3. Rules and systems for company's proper management of risk and loss

With respect to CK's company-wide risk management, the Risk Management Committee shall meet on regular basis and shall continuously review each division of CK for compliance with CK's risk management rules and systems. In addition, a specific sub-committee will be established, as needed, to address specific risks. Such sub-committees shall make best efforts to minimize individual risk and loss, including preparing manuals addressing such risks and loss. Further, the chief officer of each division is responsible for managing and addressing risk and loss, as applicable to his or her own division, in an appropriate manner.

4. System to ensure efficient execution of business plans established by CK's board members

Board members and high-ranking officers shall, in accordance with CK's rules and regulations, including but not limited to the Regulations for Meetings of Board of Directors, make decisions and authorize actions and establish policies only after in depth deliberation of each business matter at both the committee level, including the Global Executive Committee involving officers and employees of CK's subsidiaries as Committee members which shall meet on a regular basis, and at regular and special meetings of the Board of Directors. A corporate-officers system is adopted and "Regulations for Duties of Departments" are established by CK to facilitate delegation of authority in order to facilitate swift decisions. Further, CK's Rules of Delegation of Authority, which apply globally to all of CK's subsidiaries, shall require that all business decisions be transparent and clear. CK shall embody the management policy and business objectives by developing a medium-term management plan and an annual business plan, and conduct an efficient and effective business by sharing the plans with CK and CK's subsidiaries.

5. System to ensure proper and legitimate business activities of a company group consisting of CK, parent companies and subsidiary companies (hereinafter referred to as the "Group")

All of CK's divisions shall coordinate with each corresponding division of the parent company to establish proper and legitimate business Group activities. CK as a listed company shall make its own decisions independent from the parent company even though CK has requirements to report material business matters to or obtain confirmation from the parent company as a member of the Group.

CK's policies shall be provided to CK's subsidiaries and information shall be mutually shared through the Global Executive Committee and committees to be held on regular basis in each department and, material business matters of each CK's subsidiary shall be provided to CK for the purpose of reporting to and/or confirmation from CK based upon clear and transparent delegation of authority established on a global scale to ensure the proper operation of CK's subsidiaries.

The supervision scope of Risk Management Committee shall include all CK's subsidiaries for risk management and the same setup for risk management shall be applied to all. Internal Audit

Office shall perform regular internal audits on subsidiaries of CK in order to review both (i) compliance with laws and regulations and CK's articles of association; and (ii) risk management systems of such subsidiaries.

In order to ensure the appropriateness of the operation, Calsonic Kansei Global Code of Conduct shall be established and applied to CK's subsidiaries. Each CK's subsidiary shall establish its own Code of Conduct to comply with laws and regulations and corporate ethics. Each CK's subsidiary shall also incorporate ~~introduce~~ an internal reporting system and if there is any violation of laws and regulations or the articles of association, the subsidiary shall report to CK. CK's Global Compliance Risk Management Committee is designed to deliberate not only on CK's own material matters but also on those of CK's subsidiaries reported through the internal reporting system of each subsidiary to ensure CK's subsidiaries' compliance with laws and regulations and with the articles of association.

6. System addressing the independence from board members when a company is asked to place employees supporting the activities of statutory auditors at the request of the statutory auditors, and matters related to the ensuring of effectiveness of instruction for the employees

Corporate Auditors Office is established to support the activities of the statutory auditors and place employees including full-time managerial positions to support the activities of the statutory auditors. Employees of the Corporate Auditors Office shall perform their duties under the direction of statutory auditors. Consent of Board of Statutory Auditors shall be required prior to initiating any personnel transfer, personnel appraisal and/or disciplinary action toward such employees.

7. System for reporting issues to CK's statutory auditors

Board members and/or employees shall, based upon requests of statutory auditors, explain to the statutory auditors the business activities of CK and shall report to the statutory auditors material decisions, policies and business activities of CK and CK's subsidiary at all meetings joined by statutory auditors. In addition, board members and/or employees shall report important business activities and business issues to statutory auditors when statutory auditors conduct their regular auditing on each of CK's divisions in accordance with annual audit schedule. Internal Audit Office shall make regular report to the statutory auditors at meetings of the Board of Statutory Auditors.

CK shall ensure its statutory auditors attend the meetings of Global Compliance Risk Management Committee which deliberates on cases violating the laws and regulations or the articles of association in CK and CK's subsidiaries including those reported through the internal reporting system of CK and CK's subsidiaries.

When operating the internal reporting system, CK shall prohibit any disadvantageous treatment of reporters and define the effect in the Code of Conduct.

8. System to ensure effective and valid auditing by statutory auditors in a company with Auditors

Statutory auditors shall have an opportunity to exchange views with the President/Representative Director of CK on a regular basis and receive regular reports from the auditing (accounting) firm.

CK shall take appropriate measures to ensure that the costs necessary for statutory auditors to perform their duties are paid based on the laws and regulations.

2. Basic View for Eliminating Antisocial Forces and Progress of Preparedness for Such Elimination

The Company shall take a resolute attitude towards measures against antisocial forces, and in the event that directors or employees encounter a case involving antisocial forces, they shall report it to their supervisors and relevant parties immediately and obtain instructions. In addition, if directors or employees directly or indirectly encounter dishonest or criminal conduct in their duties, such as fraud or extortion, or if they suspect such conduct, they shall take a resolute stance, while reporting the case to their supervisors and relevant parties immediately and obtaining instructions.

V Others

1. Introduction of Takeover Defense Measures

Introduction of takeover defense measures:	None
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Supplementary explanations on applicable items

2. Matters Concerning Other Corporate Governance Systems, etc.

