

Corporate Governance

Facilitating the Exercise of Voting Rights

To enable participation by as many shareholders as possible, the Company avoids days when large numbers of other companies have scheduled their general shareholders' meetings when scheduling its own. The 69th ordinary general shareholders' meeting was held on Tuesday, June 21, 2016.

Efforts are made to send general shareholders' meeting notifications three weeks ahead of the meeting date to give shareholders ample time to make attendance arrangements. For the 69th ordinary general shareholders' meeting, notifications were sent 21 days in advance of the meeting date. Furthermore, meeting notifications were posted on the Company's website, TDNET, and on an electronic voting platform on May 31, mainly for the convenience of institutional investors in Japan and abroad.

Use of an electronic voting platform (accessible via personal computer and some types of cell phone) was instituted beginning with the 62nd ordinary general shareholders' meeting held in June 2009. In addition, an English-language version of the meeting notification is prepared and posted on the electronic voting platform and the Company's website at the same time the Japanese version is posted, and voting results are translated into English and posted on the Company's website.

Dialogue with Investors

The Company engages in constructive dialogue with shareholders through venues such as the general shareholders' meeting and results briefings, and discloses information in a timely, appropriate manner on the Company's corporate website. Regarding institutional investors, the Company engages in dialogue by, for example, participating in results briefings by investment securities firms and holding briefings when interim and full-year results are announced.

Investor Dialogue Data

Individual Investors

■ Company briefings: Held 4 in FY 2015 (ended March 2016)

Analysts and Institutional Investors

■ Regular briefings: Held after announcements of interim and year-end results
■ Small group meetings and one-on-one meetings: Held basically every quarter
* Includes presentations by the representative director

Overseas Investors

■ Regular briefings
Meetings in North America, Europe: Held 2 (in total) during FY 2015
* Includes presentations by the representative director

Compliance

The Company is moving forward with the strengthening of its compliance structure and is stressing to employees of the parent company, subsidiaries, and all AUTOBACS Group stores, including franchise stores, the importance of pursuing business activities that are legally and ethically irreproachable.

Respect for the law and corporate ethics is a given. With that as a fundamental premise, the Code of Conduct and Guidelines for Action have been established in response to the legitimate expectations of all stakeholders and serve as fundamental principles in efforts to reinforce compliance understanding and conduct education initiatives for employees of not only the Company but also franchisees.

To check compliance conditions, meetings of the Compliance Administration Committee, comprised of representatives of departments with compliance promotion responsibilities, are convened monthly to determine whether any activities inconsistent with the Code of Conduct or Guidelines for Action have taken place. A system for rapidly responding to any problems that come to light has been established.

Risk Management

The Company, in addition to a risk management system for properly identifying and evaluating risks and implementing proper controls, has also adopted a comprehensive risk management posture integrating crisis management focused on limiting the extent of damage, and minimizing damage and losses, caused by a major event.

The Risk Management Committee, which is chaired by the representative director and chief executive officer, sets the direction for risk management for the fiscal year and, based on that direction and provisions concerning risk management, takes steps to smoothly and appropriately advance risk management activities.

During the fiscal year ended March 2016, the Risk Management Committee identified key risk-related issues and monitored measures to address them. To assist monitoring by the Risk Management Committee, the General Affairs and Internal Control Department, Legal Department, Corporate Audit Department and Customer Relations Department held monthly meetings of the Integrated Risk Management Secretariat Association. In addition, the Integrated Risk Management Secretariat Association reported to the Board of Directors on serious incidents and responses to them, as set forth in the rules for reporting on serious incidents, and shared these reports with the Audit and Supervisory Board and other relevant bodies within the Company.

Evaluating the Board of Directors

The Company evaluated the effectiveness of the Board of Directors to determine whether it is properly fulfilling its oversight function, and to promote its ongoing improvement by identifying issues concerning the Board of Directors.

As a result, it was determined that the Company's Board of Directors is characterized by active discussion based on an appropriate composition and is properly performing its oversight function. Findings, however, also included issues concerning matters such as the setting of Board of Directors meeting agendas, the sharing of information with outside directors and Audit and Supervisory Board members, and the status of Corporate Governance Committee participation in Board of Directors meetings.

Evaluation Process

All directors and Audit and Supervisory Board members provide written responses to evaluation questions.

Analysis and evaluation by the Corporate Governance Committee

Confirmation of issues followed by discussion of responses by the Board of Directors